

# the city inside + out



**CITY OF KILLEEN, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**ELECTED OFFICIALS**

*Timothy L. Hancock, Mayor*  
*Scott Cosper, Mayor Pro-tem*  
*Kenny Wells, Council Member*  
*Juan Rivera, Council Member*  
*JoAnn Purser, Council Member*  
*Ernest L. Wilkerson, Council Member*  
*Larry K. Cole, Council Member*  
*Billy C. Workman, Council Member*

**MANAGEMENT STAFF**

*Connie J. Green, City Manager*  
*Glenn P. Morrison, Assistant City Manager*

**OFFICIAL ISSUING REPORT**

*Barbara A. Gonzales, Director of Finance*  
*Amanda R. Wallace, Internal Auditor*



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## **INTRODUCTORY SECTION**







March 15, 2010

The Honorable Mayor, City Council,  
And Citizens of the City of Killeen, Texas

The comprehensive annual financial report of the City of Killeen, Texas, for the fiscal year ended September 30, 2009 is submitted in accordance with the provisions of the City Charter. This report was prepared by the City's Internal Auditor, in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and audited in accordance with U.S. Generally Accepted Auditing Standards by a firm of licensed independent certified public accountants.

This report includes all the funds of the City as well as, the City's discretely presented component unit, the Killeen Economic Development Corporation (KEDC). This report consists of management's representations concerning the finances of the City of Killeen. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Killeen has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Killeen's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Killeen's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Killeen's financial statements have been audited by Brockway, Gersbach, Franklin & Niemeier, P.C., a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Killeen for fiscal year ended September 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Killeen's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Killeen was part of a broader, federally mandated, "Single Audit" designed to meet the special needs of federal granting agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Killeen's separately issued Single Audit Report.

Generally Accepted Accounting Principles require that management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Killeen's MD&A can be found immediately following the report of the independent auditors.

## **GOVERNMENT STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK**

The City of Killeen is a Central Texas City located in Bell County on U.S. Highway 190, a major U.S. Highway. Interstate 35 is only 17 miles to the east. Killeen is geographically on the main line of the Santa Fe Railroad and encompasses an area of 45.35 square miles. Major metropolitan areas are easily accessible - 60 miles to Waco, 70 miles to Austin, 150 miles to San Antonio, 160 miles to Dallas-Fort Worth and 190 miles to Houston.

Killeen was founded in 1882 by the Santa Fe Railroad and named in honor of an employee of the railroad, Frank P. Killeen. In 1884, the City had a population of 350 and consisted of a post office, a cotton gin, and two grain mills. The 1941 population of 1,265 rose to 7,100 in 1950, due primarily from the activation of Fort Hood, a military base on Killeen's northern border, which began functioning in 1942 and was designated a permanent military installation in 1950. By 1960, Killeen's population was over 21,000 and has grown steadily since then to a 2009 population of 116,934. The City has a warm temperate climate with an average temperature of 69.7 degrees Fahrenheit. The warmest months are July and August with an average maximum temperature between 94 and 96 degrees Fahrenheit. The coolest average temperatures, ranging from 37 to 38 degrees, occur in December and January.

Two basic services essential to any community are health care and education. Outstanding medical facilities are one of the key attractions of the area. The area serves as a Regional Medical Center with 827 hospital beds within 25 miles. Killeen is served by Metroplex Hospital, which provides 173 beds, an intensive care unit, a bassinet nursery, a full-range pathological laboratory, a licensed pharmacy, full-service radiology and a 24-hour physician-staffed emergency room. Metroplex Pavilion is a mental and behavioral health care center located on the Metroplex Hospital Campus. Licensed for 60 beds, it offers numerous treatment programs, and has separate patient areas for children, adolescents, and adults. The main Scott and White Killeen Clinic accommodates 15 Family Medicine physicians and 4 pediatricians. Other Scott and White clinics include the new Killeen West Clinic, Killeen Cancer Center, Killeen Dialysis Center and the Killeen OB/GYN clinic. These clinics offer referral service to specialists in their 486-bed, regional hospital 25 miles away. The Scott and White hospital moved each of its departments early in 2007 to the newly constructed Center for Advanced Medicine, which will be the largest outpatient facility in the region. The military community is served by the 128-bed Darnall Army Hospital and the satellite clinics. Darnall Hospital was rededicated in May 2006 as the Carl R. Darnall Army Medical Center. The new designation will lead to an expansion of medical services, facilities, and staffing offered to active duty military and retirees residing in our community.

High quality education from kindergarten through graduate school is available. The Killeen Independent School District is the largest school district between Dallas and Austin. The district has grown from an enrollment of 20,413 students in 1986-87 to an enrollment of over 37,000. KISD employs over 5,700 teachers and support personnel to serve the District's 49 campuses and is the area's second largest employer. Students attend classes at thirty elementary schools (Pre-K-5), eleven middle schools (6-8), four high schools (9-12), and four specialized campuses. Central Texas College and Tarleton State University System-Central Texas, which are located on a 550 acre campus adjacent to Killeen, provide secondary and graduate educational opportunities. Within a one hour drive of Killeen, there are several major four-year universities including: 1) University of Texas - Austin, Texas, 2) Baylor University - Waco, Texas, 3) Southwestern University - Georgetown, Texas, and 4) University of Mary Hardin Baylor - Belton, Texas.

The quality of life in Killeen is excellent. You can find “Big City” attractions in a “Small Town” environment. Killeen boasts a spacious, beautiful mall of about 700,000 square feet, as well as our own Restaurant Row. With over 135 service clubs, associations, organizations, and 100 churches representing most religious denominations, Killeen provides its residents and guests the type of cultural, religious, and civic-minded opportunities expected of a city on the rise. For the outdoors recreation and sports-minded residents, Killeen features nearly 400 acres of parkland, two public pools, a youth and adult sports complex, a skateboard park, an amphitheatre and recreational and senior centers. In addition, Killeen features one of, if not the finest, municipal golf courses in the State of Texas. The Stonetree Golf Club of Killeen offers a challenging 7,200 yard 18-hole course, featuring one of the finest training facilities in Central Texas, as well as a fully stocked pro shop and beautiful clubhouse and café. Those who prefer water sports can engage in fishing, boating, water skiing, or sailing at either Belton Lake or Stillhouse Hollow Lake. The City even boasts its own rodeo arena, exhibition building, and livestock area. For those who prefer indoor activities, the community has two bowling alleys, a skating rink, an auto racetrack, and over seven physical fitness centers. A City is not complete without cultural activities. Vive Les Arts Societe founded in 1976 develops and promotes cultural activities in Killeen, including an excellent theater group, which is recognized as one of the most talented of its type in Texas. In 1991, Vive Les Arts opened a center featuring a 400-seat theater and a combination gallery-reception area. The Killeen Civic and Conference Center opened in 2002. This 63,000 square foot center boasts a 23,400 square foot ballroom, 3,000 square foot special events room, six large meeting rooms and two small meeting rooms in addition to full-featured kitchen facilities.

The government operates under the council-manager form of government. Policy making and legislative authority are vested in the city council, which consists of a mayor and a seven-member council. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the city manager. The city manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the government, and for appointing department heads.

Council members are elected to two-year staggered terms with four council members elected every year. The mayor is elected to two-year terms. Four of the council members are elected on a single-member district basis. They must reside in their respective district and are elected by residents of that district. The mayor and three remaining council members are elected at-large.

The City of Killeen currently enjoys a favorable economic environment, with local indicators reflecting continued stability. In addition to the support provided by neighboring Fort Hood, the nation’s largest armored military installation, the City’s economy strives primarily from service-oriented businesses. Established in 1942, Fort Hood lies adjacent to the City of Killeen and covers an area of 335 square miles (214,968 acres); it is the only post in the United States capable of stationing and training two armored divisions. In fact, Fort Hood is home to the III Corps and is “the Army’s premier installation to train and deploy heavy forces.” Fort Hood is also the largest single location employer in the State of Texas with over 50,000 military personnel and more than 12,000 civilian employees. Fort Hood contributes approximately \$7.1 billion to the local economy (\$3.75 billion in payroll, \$190.0 million in contracts and construction, \$400.0 million in technical support, and \$60.0 million in impact aid to schools). With Fort Hood at the cornerstone, the Killeen economy remains one of the fastest growing economies in Texas, along the I-35 technology corridor.

Economic activity continued to show strong growth during 2009. For the sixteenth consecutive year, building permits issued exceeded \$100 million dollars. Total permits issued in FY 2009 were \$180,841,740.

## BUDGET PROCESS

The budget process for the City of Killeen is a year round process that is centered on a fiscal year, not a calendar year. Killeen's fiscal year begins on October 1st and ends on September 30th. The Killeen City Charter ("the Charter") vests the responsibility for preparing an annual budget and plan of municipal services with the City Manager. The City Manager must then submit the proposed budget to the City Council for its review and adoption. The City Manager, between forty-five and ninety days prior to the beginning of each fiscal year, submits to the Council a proposed budget, which shall provide a complete financial plan for the fiscal year. The proposed budget is made available as a public record at the time it is presented to the City Council. Public hearings, as required by the Charter and state law, are held on the proposed budget and tax rate. The Council has the opportunity to make changes to the proposed budget during this process, subject to required additional public hearings. The budget is adopted by the favorable vote of a majority of the members of the whole Council and must be adopted not later than September 20<sup>th</sup> of each year. If the Council fails to adopt a budget by this date, the proposed budget submitted by the City Manager shall be deemed to have been adopted by the Council. The FY 2008-09 Budget and Plan of Municipal Services was adopted by the City Council on September 9, 2008.

## MAJOR INITIATIVES

The FY 2008-09 Budget identified six goals and priorities which addressed the needs of the community. Substantial progress on each of these major initiatives was accomplished during the year.

MAINTAINING CURRENT PROGRAMS, SERVICES, AND THE AD VALOREM PROPERTY TAX RATE: The City tax rate for the fiscal year was 0.695 cents per \$100 valuation, which is the same as the FY 2007-08 tax rate. In addition to maintaining the tax rate, the City provided additional services through the addition of eighteen sworn police officer positions, three fire captains, one fire lieutenant, and various other new programs and services totaling over \$9 million city-wide.

STRENGTHENING OUR POLICE DEPARTMENT RESOURCES IN ORDER TO PROVIDE PROACTIVE PATROL TO DETER CRIME AND TO PROVIDE AN ENHANCED FEELING OF SAFETY FOR OUR CITIZENS: A total of nineteen positions have been added to the Police Department budget, consisting of fourteen patrol officers, one identity theft officer, two detectives for CID, one Lieutenant, and one Human Resource Manager.

STRENGTHENING OUR FIRE DEPARTMENT RESOURCES TO PROVIDE PROACTIVE FIRE AND EMS SERVICES TO ACHIEVE LOWER RESPONSE TIME BY ADEQUATELY ORGANIZING THE CHAIN OF COMMAND AND PROVIDING ADEQUATE SUPPORT STAFF: A total of seven positions have been added to the Fire Department budget, consisting of three Fire Captains, one Lieutenant for the training academy, one finance manager, and two temporary clerks upgraded to full time clerk status.

PROVIDING EMERGENCY MANAGEMENT / HOMELAND SECURITY INCLUDING THE READY KILLEEN PROGRAM TO EDUCATE THE PUBLIC: The education program will provide citizens with materials and information in order for them to be ready for all emergencies, and Web EOC, a crisis management software system, will manage all activities associated with emergency management.

STAGECOACH ANNEXATION AGREEMENT: Requires three new positions to assist with implementing the annexation: one Building Inspector, one Code Enforcement Officer, and one Animal Control Officer.

PROVIDING ADEQUATE PAY TO CITY EMPLOYEES: Although previous budgets have included a cost of living adjustment (COLA) for all civil and non-civil service employees. This budget as presented does not include a COLA. However, this fiscal year included twenty-seven pay periods instead of the normal twenty-six bi-weekly pay periods. This occurs every eleven years for entities that process payroll every two weeks.

PROVIDE FUNDING FOR STREETS: Funding for streets includes a street service worker and pavement marking crew totaling \$162,752 to allow the division to maintain existing pavement markings to an acceptable level.

PROVIDE FUNDING FOR ADDITIONAL PROGRAMS IN SOLID WASTE TO COMPLY WITH TCEQ: Major programs include one specialist and one principal secretary in the residential division, one senior secretary in the transfer station division and one in the accounting division. Three mowing service workers have also been added. Due to the rising cost of solid waste disposal, an additional \$690,000 was added to the budget for disposal.

PROVIDE FUNDING FOR ADDITIONAL PROGRAMS IN THE WATER AND SEWER FUND: Major programs funded in the Water and Sewer Fund included one code enforcement officer for a water enforcement program, two Inflow/Infiltration operator/apprentice positions needed to meet the demand of infrastructure in new subdivisions, aging lines, and maintaining hydrants for fire protection.

PROVIDE FUNDING FOR ADDITIONAL PROGRAMS IN THE DRAINAGE UTILITY FUND: Major programs funded in the Drainage Utility Fund continue to facilitate the right-of-way mowing/maintenance program with the addition of three mowing service workers.

PROVIDE FUNDING FOR ECONOMIC DEVELOPMENT: Funding for the Greater Killeen Chamber of Commerce and the Killeen Economic Development Corporation has been increased in the proposed budget to expand marketing efforts and promote Killeen as an ideal place to live and to do business. Proposed funding for the Killeen Chamber of Commerce (GKCC) and the Killeen Economic Development Corporation (KEDC) in FY 2008-09 is \$1,498,020. An Economic Development Coordinator has been added to increase the dedicated staffing for Killeen economic development interest. This position will be an addition to the current staffing of the Killeen Economic Development Corporation.

## DEPARTMENT FOCUS

Each year the government focuses attention on departmental efforts and accomplishments. This year, the Family Aquatics Center Division has been selected for this purpose. This facility lodges the city's first state of the art aquatic facility.

### PROGRAM DESCRIPTIONS:

The Family Aquatics Center division supports the day to day operations of the Family Aquatics Center. The Family Aquatics Center facility features amenities to include a lap pool, activity pool, water play structure, beach area, spray grounds, bowl slide, and three other slides. The Family Aquatics Center also features concession facilities and shade structures to promote facility rentals.

### ACCOMPLISHMENTS:

- Provided a facility that increases revenue generated by Parks and Recreation; provided a fee structure for the operations of the Family Aquatics Center that was affordable.
- Provided access to structured affordable health and fitness facilities.
- Provided community access to a state of the art aquatics facility for public and private events.
- Served as a hub for water competitions in Central Texas.
- Provided non-structured recreational aquatics opportunities for members of the Central Texas community.
- Provided access to designated lap pool for patrons seeking to do structured lap swimming.

## KEY OBJECTIVES / PERFORMANCE MEASURES:

To improve the quality of life, health and fitness programming and provide recreational programming for residents.

\* Note: The Family Aquatics Center facility opened in July 2009. At that time the new division had no data to base its performance measures on attendance.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Killeen for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2008. This was the nineteenth consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, which must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. This Certificate of Achievement is awarded on a yearly basis. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting this year's CAFR to the GFOA to determine its eligibility for another Certificate of Achievement.

The City of Killeen received the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2008 from the GFOA for our conformity in budget presentation. We believe that our current budget continues to conform to the program requirements and expect to receive this award for the fiscal year beginning October 1, 2009.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the assistance of administrative personnel in the various departments, and through the competent service of our independent auditors. We also wish to express our sincere appreciation to the City Council for their interest and support in planning and conducting the financial affairs of the City of Killeen in a responsible and progressive manner.

Respectfully submitted,



Barbara A. Gonzales  
Chief Financial Officer

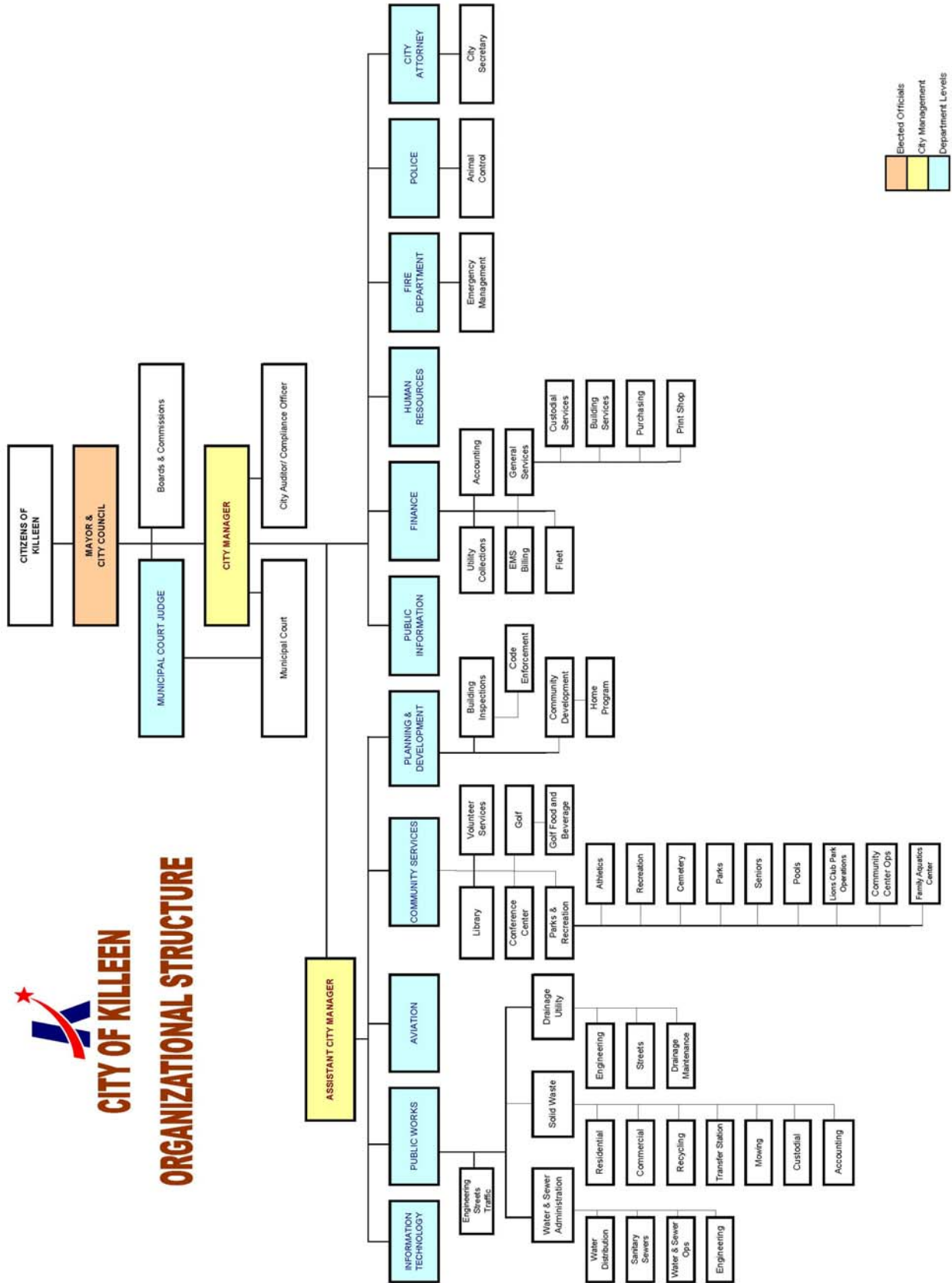


Connie J. Green  
City Manager  
Chief Executive Officer



# CITY OF KILLEEN

## ORGANIZATIONAL STRUCTURE





**CITY OF KILLEEN  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2009**

Mayor	Timothy L. Hancock
Mayor Pro Tem	Scott Cosper
Councilman – District 1	Kenny Wells
Councilman – District 2	Juan Rivera
Councilman – District 3	JoAnn Purser
Councilman – District 4	Ernest L. Wilkerson
Councilman – At Large	Larry K. Cole
Councilman – At Large	Billy C. Workman
City Manager	Connie Green
Assistant City Manager	Glenn Morrison
Building Official	Earl Abbott
City Attorney	Katherine H. Davis
City Secretary	Paula Miller
Chief of Police	Dennis M. Baldwin
Director of Aviation	John Sutton
Director of Community Development	Leslie Hinkle
Director of Community Services	Jonathan Watson
Director of Convention & Visitor's Bureau	Connie Kuehl
Director of Finance	Barbara Gonzales
Director of Fleet	Kim Randall
Director of General Services	Brenda Essenburg
Director of Human Resources	Debbie Maynor
Director of Information Technology	Donald Fine
Director of Library Services	Deanna Frazee
Director of Planning	Dr. Ray Shanaa
Director of Public Information	Hilary Shine
Director of Public Works	James Butler
Director of Solid Waste and Drainage Services	Wayne McBride
Director of Street Services	John Koester
Director of Volunteer Services	Will Brewster
Director of Water & Sewer	Robert White
Fire Chief	Jerry Gardner
Presiding Municipal Judge	William Gibson

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Killeen  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



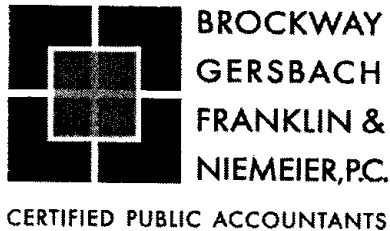
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director





## **Independent Auditors' Report**

The Honorable Mayor and  
City Council  
City of Killeen, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Killeen, Texas as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Killeen's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information for the City of Killeen, Texas as of September 30, 2009, and the respective changes in financial position, and, where applicable cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 15, 2010, on our consideration of the City of Killeen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction in assessing the results of our audit.

Management's Discussion and Analysis, the Schedule of Funding Progress and the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Independent Auditors' Report  
(continued)**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Killeen's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Ernst & Young, LLP*

March 15, 2010

**City of Killeen, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2009**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Killeen, we offer readers of the City of Killeen's financial statement this narrative overview and analysis of the financial activities of the City of Killeen for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with our letter of transmittal which can be found on pages iii - viii of this report and the basic financial statements that follow this section. This discussion and analysis includes comparative data to fiscal year ended September 30, 2008. All amounts, unless otherwise indicated, are expressed in dollars.

**Fiscal Year 2008-09 Financial Highlights**

*City-wide:*

- The City's total net assets were \$305.1 million at September 30, 2009, of which \$104.1 million were in Governmental Activities and \$201.0 million were in Business-type Activities.
- Total City revenues were \$127.6 million, of which \$72.9 million were derived from Governmental Activities and \$54.7 million were derived from Business-type Activities.
- Total City expenses were \$126.0 million, of which \$80.4 million were incurred by Governmental Activities and \$45.6 million were incurred by Business-type Activities.
- The total revenue and expense amounts stated above do not include transfers between funds.

*Fund Level:*

- Governmental funds reported combined ending fund balances of \$66.0 million at September 30, 2009. Of the combined ending fund balances, \$4.3 million is reserved for debt service, \$34.9 million is reserved in capital project funds, \$1.2 million is reserved for encumbrances and inventories, and \$25.6 million is unreserved of which \$19.8 million is unreserved, undesignated in the General Fund.
- Governmental Fund revenues were \$70.4 million, a decrease of \$5.1 million from fiscal year 2008's \$75.5 million. This is due to the City's reporting developer contributions in revenues other than other financing sources (uses) in fiscal year 2008.
- Governmental Fund expenditures increased to \$111.9 million in fiscal year 2009, up \$10.0 million from the prior year.
- Enterprise fund operating revenues were \$49.4 million in fiscal year 2009, up \$0.4 million from the prior year.
- Enterprise fund operating expenses were \$43.4 million in fiscal year 2009, an increase of \$3.1 million from the prior year.
- Non-operating revenues, including capital contributions, were \$5.4 million in fiscal year 2009, compared to prior year of \$8.8 million.

*General Fund:*

- General Fund revenues were \$55.7 million, a decrease of \$3.1 million from the prior year.
- General Fund expenditures were \$64.6 million, a decrease of \$1.2 million from the prior year.
- Net transfers into the General Fund were \$5.4 million in fiscal year 2009, an increase of approximately \$0.3 million from the prior year.
- Unreserved, undesignated fund balance for the general fund was \$19.8 million at September 30, 2009 or 30.7 percent of total general fund expenditures of \$64.6 million. The undesignated ending fund balance is down approximately \$1.1 million from the prior year.

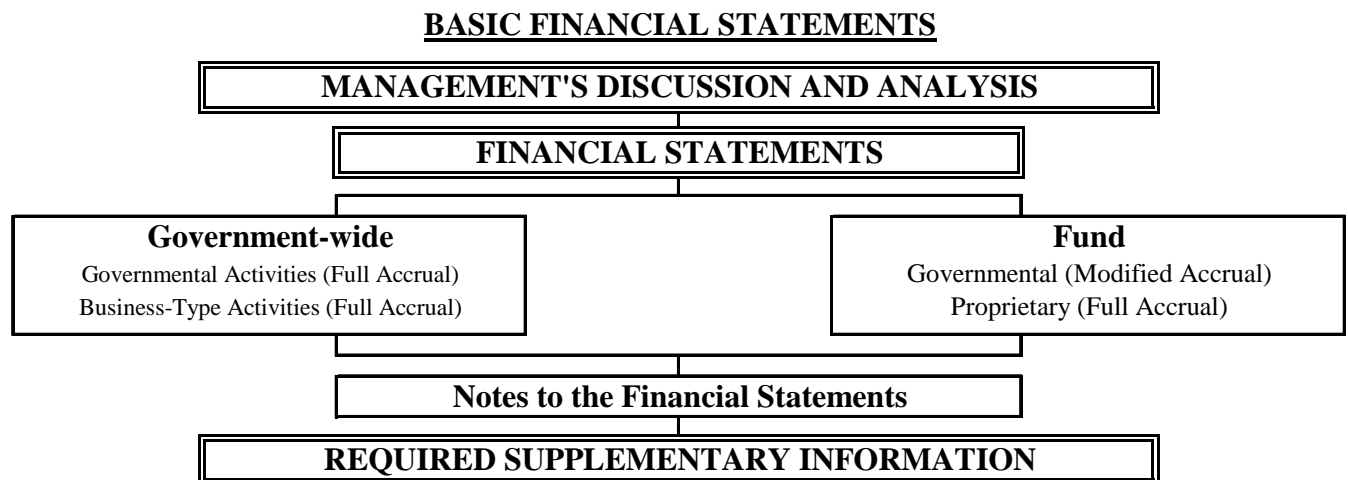
## USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of three sections: introductory, financial and statistical. As illustrated in the chart below, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements and required supplementary information.

The City implemented Governmental Accounting Standards Board Statement No. 34 (GASB 34) in the 2003 fiscal year. Previously, the primary focus of local governmental financial statements has been summarized fund-type information on a current financial resource basis. GASB 34 modified this approach, adding new statements, government-wide statements, which focus on the City as a whole. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements, which have been provided in the past, focus on the individual parts of the city government, reporting the operations of the City in more detail than the government-wide statements.

The City implemented Governmental Accounting Standards Board Statement No. 44 (GASB 44) in 2006. The GASB Statement established new standards for the statistical section presentation. The objective of the Statistical Section is to provide additional historical perspective (most recent 10 years), context, and detail to assist users of the financial report to understand and assess a government's economic condition. The objectives are met by providing the information in these five categories: Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic, and Operating.

### Components of the Financial Section



## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction of the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and combining statements in addition to the basic financial statements themselves.

### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Government wide financial statements of the City are divided into three categories:

- **Governmental Activities** – Functions of the City that are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include General Government, Police, Fire, Public Works, Library, Parks and Recreation, Other Community Services, and Golf.
- **Business-type Activities** – Functions of the City that are intended to recover all or a significant portion of their costs through user fees and charges. The business-type activities of the City include Airport, Solid Waste, Water and Sewer and Drainage Utility operations.
- **Component Unit** – The City includes a separate legal entity in its report, the Killeen Economic Development Corporation. Although legally separate, this "component unit" is important because the City is financially accountable for it.

The government-wide financial statements can be found on pages 18-21 of this report.

### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and enterprise funds.

#### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation between changes in net assets and changes in fund balances is provided to facilitate this comparison between government funds and governmental activities.

The City maintains numerous individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the 2007 G.O & C.O. bond fund because they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column labeled as "Other Governmental Funds." Individual fund data for each of these non-major governmental funds is provided in the "Combining Statements" section of this financial report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement (page 90) has been provided for the general fund to demonstrate compliance with the budget. This budgetary comparison presents a favorable variance in operating transfers.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

#### ***Enterprise Funds***

Enterprise funds are generally used to account for services for which the City charges outside customers for services. Enterprise funds provide the same type of information as shown in the government-wide financial statements, only in more detail. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Airport, Solid Waste, Water and Sewer and Drainage Utility activities. All enterprise funds except Drainage Utility are considered to be major funds of the City in accordance with the major fund test. However, the City has elected to report the Drainage Utility fund as a major fund.

The basic enterprise fund financial statements can be found on pages 26-35 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 39 of this report.

## Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning: General Fund – Budget vs. Actual (page 90), the City’s progress in funding its obligation to provide pension benefits to qualifying employees (pages 87-89).

## Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information.

## Government-Wide Financial Analysis

### Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the government’s financial position. In the case of the City, assets exceeded liabilities by \$305.1 million for the year ended September 30, 2009.

<b>Net Assets</b> <i>(in millions of dollars)</i>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Assets</b>						
Current and other assets	\$ 81.5	\$ 88.9	\$ 63.8	\$ 79.1	\$ 145.3	\$ 168.0
Capital Assets	169.1	141.7	226.0	213.6	\$ 395.1	\$ 355.3
Total Assets	<u>\$ 250.6</u>	<u>\$ 230.6</u>	<u>\$ 289.8</u>	<u>\$ 292.7</u>	<u>\$ 540.4</u>	<u>\$ 523.3</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	\$ 132.2	\$ 117.1	\$ 82.1	\$ 83.9	\$ 214.3	\$ 201.0
Other liabilities	14.3	11.0	6.7	7.9	\$ 21.0	\$ 18.9
Total Liabilities	<u>146.5</u>	<u>128.1</u>	<u>88.8</u>	<u>91.8</u>	<u>235.3</u>	<u>219.9</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	70.8	71.8	160.8	157.8	\$ 231.6	\$ 229.6
Restricted	12.1	8.6	12.0	6.5	\$ 24.1	\$ 15.1
Unrestricted	21.2	22.1	28.2	36.6	49.4	58.7
Total Net Assets	<u>104.1</u>	<u>102.5</u>	<u>201.0</u>	<u>200.9</u>	<u>305.1</u>	<u>303.4</u>
Total Liabilities and Net Assets	<u>\$ 250.6</u>	<u>\$ 230.6</u>	<u>\$ 289.8</u>	<u>\$ 292.7</u>	<u>\$ 540.4</u>	<u>\$ 523.3</u>

The largest portion of the City’s net assets, \$231.6 million or 76 percent, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, equipment and systems), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$24.1 million or 8 percent, represent resources that are subject to external restrictions on how they may be used. These restrictions are detailed in revenue bond debt covenants, unexpended construction contracts, and in the City of Killeen Charter. The remaining balance of unrestricted net assets, \$49.4 million or 16 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Analysis of Change in Net Assets

The City's net assets overall increased by \$1.70 million during the current fiscal year. These increments are explained in the governmental and business-type activities discussion in the following table.

**Changes in Net Assets**  
(in millions of dollars)

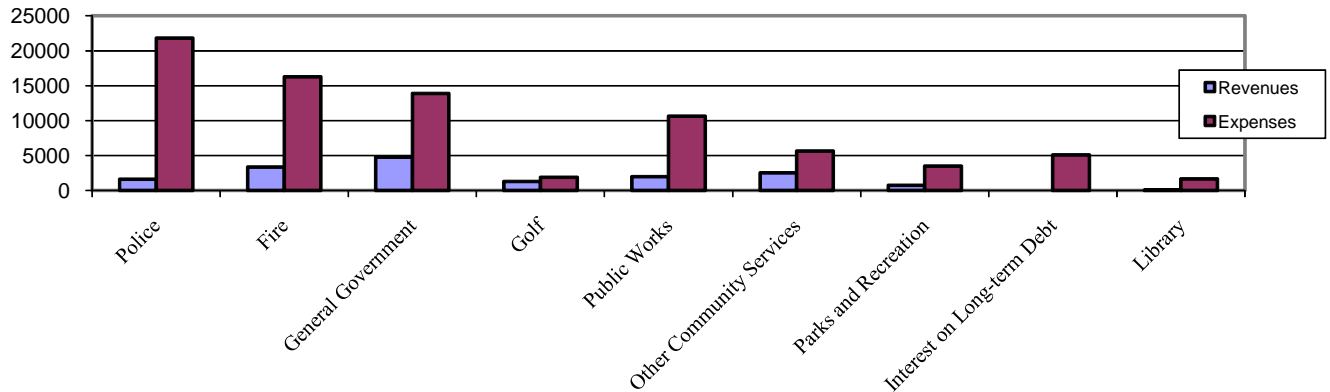
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>						
<i>Program revenues:</i>						
Charges for services	\$ 10.98	\$ 8.39	\$ 49.37	\$ 49.02	\$ 60.35	\$ 57.41
Operating grants and contributions	3.08	3.40	-	0.05	3.08	3.45
Capital grants and contributions	2.35	6.40	4.59	6.26	6.94	12.66
<i>General revenues:</i>						
Property taxes	29.97	27.14	-	-	29.97	27.14
Business taxes	5.69	5.61	-	-	5.69	5.61
Sales taxes	19.85	21.22	-	-	19.85	21.22
Gain on sale of investment	-	-	0.02	0.03	0.02	0.03
Interest and investment income	1.01	3.38	0.75	2.50	1.76	5.88
<b>Total Revenues</b>	<b>72.93</b>	<b>75.54</b>	<b>54.73</b>	<b>57.86</b>	<b>127.66</b>	<b>133.40</b>
<b>Expenses</b>						
General	\$ 13.87	\$ 14.66	\$ -	\$ -	\$ 13.87	\$ 14.66
Police	21.81	20.40	-	-	21.81	20.40
Fire	16.27	14.34	-	-	16.27	14.34
Public Works	10.66	8.98	-	-	10.66	8.98
Library	1.68	1.45	-	-	1.68	1.45
Parks and Recreation	3.47	3.02	-	-	3.47	3.02
Permits and Inspections	-	1.12	-	-	-	1.12
Community Services	5.63	4.50	-	-	5.63	4.50
Golf	1.88	1.67	-	-	1.88	1.67
Code Enforcement	-	0.56	-	-	-	0.56
Interest on Long-term Debt	5.09	5.23	-	-	5.09	5.23
Airport Operations	-	-	6.79	6.94	6.79	6.94
Solid Waste	-	-	11.81	11.12	11.81	11.12
Water and Sewer	-	-	24.61	23.23	24.61	23.23
Drainage Utility	-	-	2.41	1.79	2.41	1.79
<b>Total Expenses</b>	<b>80.36</b>	<b>75.93</b>	<b>45.62</b>	<b>43.08</b>	<b>125.98</b>	<b>119.01</b>
Change in net assets before transfers	(7.43)	(0.39)	9.11	14.78	1.68	14.39
Transfers	7.70	5.88	(7.70)	(5.88)	\$ -	\$ -
Change in net assets	0.27	5.49	1.41	8.90	1.68	14.39
Net assets, as restated, at beginning of year	103.80	93.86	199.63	192.01	303.43	285.87
Prior period adjustment	-	3.17	-	-	-	3.17
<b>Net assets at end of year</b>	<b>\$ 104.07</b>	<b>\$ 102.52</b>	<b>\$ 201.04</b>	<b>\$ 200.91</b>	<b>\$ 305.11</b>	<b>\$ 303.43</b>

## Governmental Activities

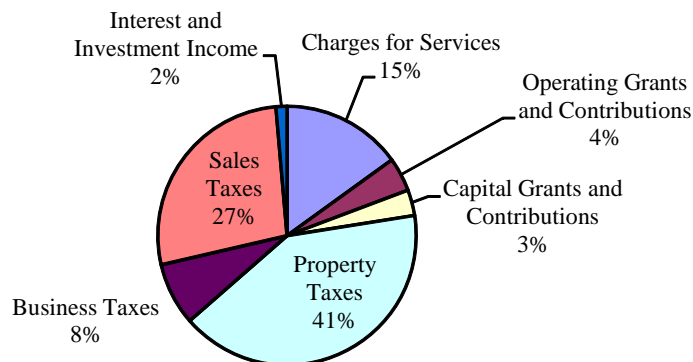
Governmental activities increased the City's net assets by \$0.27 million, thereby accounting for 16 percent of the total growth in the net assets of the City. Key factors of this increase are as follows:

The charts below illustrate the City's governmental expenses and revenues by function. As shown, police is the largest function in expense (\$21.81 million), followed by fire (\$16.27 million) and general government (\$13.87 million). General revenues such as sales, property, and business taxes are not shown by program, but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, property taxes are the largest single source of funds (\$29.98 million), followed by sales taxes (\$19.85 million) and charges for services (\$10.98 million). Property tax revenue increased by \$2.8 million, sales tax is down \$1.4 million, and charges for services are up \$2.6 million from the previous fiscal year.

**Program Revenues and Expenses - Governmental Activities**  
**Fiscal Year 2008-09**  
(in thousands of dollars)



**Revenue by Source - Governmental Activities**  
**Fiscal Year 2008-09**



### Business-type Activities

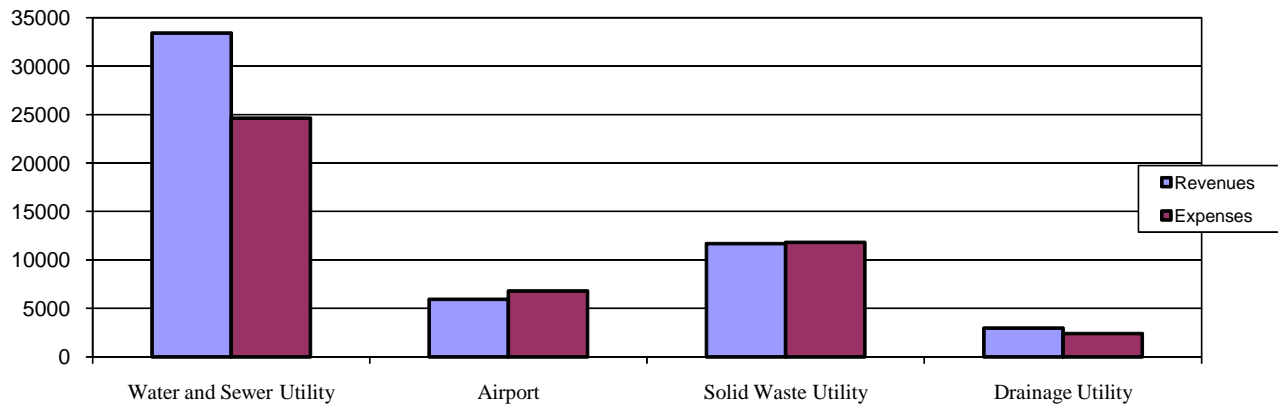
Business-type activities increased the City's net assets by \$1.4 million, accounting for 84 percent of the total growth in the City's net assets. Key factors of this increase are as follows:

The charts following illustrate the City's business-type expenses and revenues by fund. The largest of the City's business-type activities, Water and Sewer utilities, had expenses of \$24.6 million in fiscal year 2009, followed by Solid Waste with expenses of approximately \$11.8 million. Charges for services provided the largest share of revenues (90.2 percent) followed by capital grants and contributions (8.4 percent) for all business-type activities. Charges for services revenue increased by \$0.35 million this year, while operating expenses increased by \$2.5 million. Total revenues decreased by \$3.1 million.

#### Program Revenues and Expenses - Business Type Activities

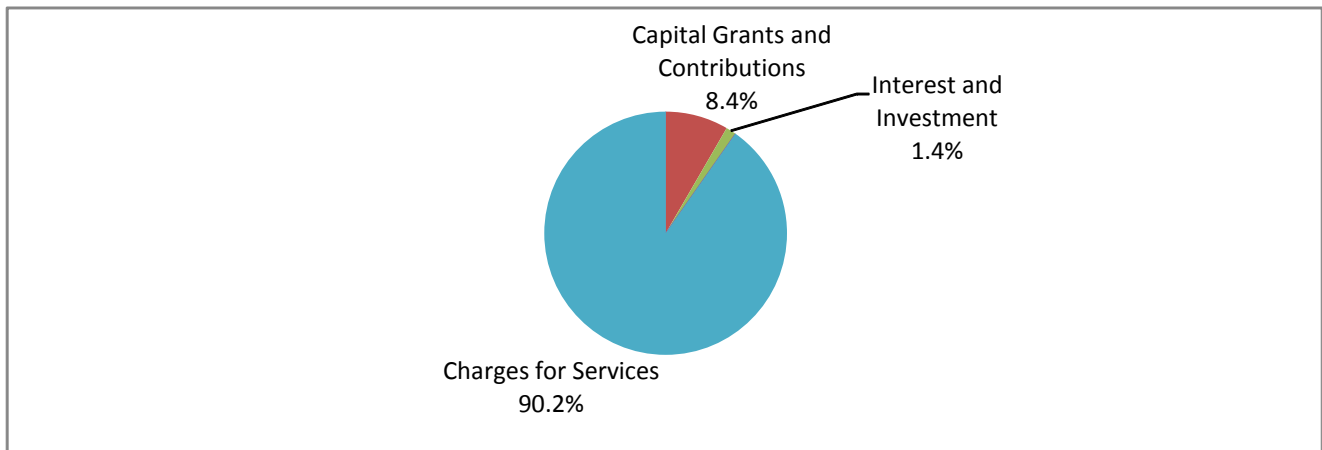
Fiscal Year 2008-09

(in thousands of dollars)



#### Revenue by Source - Governmental Activities

Fiscal Year 2008-09



## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the general fund, special revenue funds, debt service funds, and capital project funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$66.0 million, a decrease of \$11.7 million in comparison with the prior year. Approximately \$23.8 million (36.1 percent) of this total amount constitutes unreserved/undesignated fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved for encumbrances, inventories, debt service, and capital projects or designated to be used for emergencies or for special purposes designated by the City.

Revenues for governmental functions overall totaled approximately \$70.4 million in the fiscal year ended September 30, 2009, which represents a \$5 million decrease from the prior fiscal year. Expenditures for governmental functions totaling \$111.9 million increased by approximately \$10.0 million from the previous fiscal year. In the fiscal year ended September 30, 2009, expenditures for governmental functions exceeded revenues by approximately \$41.4 million.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved/undesignated fund balance of the general fund was \$19.8 million, while total fund balance was \$22.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved/undesignated fund balance represents 30.7 percent of total general fund expenditures, while total fund balance represents 35.6 percent of that same amount.

### **General Fund Budgetary Highlights**

The following is a brief review of the budgetary changes from the original to the final general fund budget. Operating revenue budgets are not adjusted for increased projections throughout the year. Expenditure budgets were decreased in the following categories through budget amendments primarily due to the economic downturn, which negatively affected the City's sales tax revenue and its investment revenue.

- \$544 thousand decrease in general government expenditures
- \$1.15 million decrease in public safety expenditures
- \$246 thousand decrease in public works expenditures
- \$364 thousand decrease in community services expenditures

During the previous fiscal year ended 2008, an unexpected opportunity developed, in which the City's Fire Department was able to enter into a capital lease to purchase several ambulances. The City was no longer in the time-frame to amend the budget to account for the lease proceeds that were received. The ambulances were not received until fiscal year ended 2009, which is the fiscal year in which the capital outlay was properly recorded. Given the fact that funds have not been distributed except in the form of the capital lease payments, this gives the illusion that the city over-expended its budget by \$889,723 in the Fire Department. In fact, the city has appropriately budgeted for the capital lease payments; therefore, the City did not over-expend its budget.

## Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for the Airport Fund were \$0.4 million, the Solid Waste Fund had \$2.6 million, the Water and Sewer Fund had \$21.7 million and the Drainage Utility Fund had \$3.5 in unrestricted net assets. The total growth in net assets for the enterprise funds was \$1.4 million. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2009, amount to \$395 million (net of accumulated depreciation). Capital assets include land, buildings and improvements, vehicles, furniture, fixtures, equipment, construction in progress and infrastructure. The total increase in the City's capital assets (net of accumulated depreciation) for the current fiscal year was 39.8 million (a 19 percent increase for governmental activities and a 5.8 percent increase for business-type activities) as shown in the table below.

<b>Capital Assets</b> <i>(net of depreciation, in millions of dollars)</i>							
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
Land	\$ 7.1	\$ 7.1	\$ 1.6	\$ 1.6	\$ 8.7	\$ 8.7	
Buildings and Land Improvements	41.1	31.5	144.2	139.4	185.3	170.9	
Improvements Other	-	-	56.8	50.2	56.8	50.2	
Vehicles	5.3	3.6	4.1	3.2	9.4	6.8	
Furniture, Fixtures, Office Equipment	4.9	5.4	2.3	2.6	7.2	8.0	
Construction in Progress	26.8	13.6	16.9	16.6	43.7	30.2	
Infrastructure Assets	83.9	80.4	-	-	83.9	80.4	
<b>Total</b>	<b>\$ 169.1</b>	<b>\$ 141.6</b>	<b>\$ 225.9</b>	<b>\$ 213.6</b>	<b>\$ 395.0</b>	<b>\$ 355.2</b>	

Major capital asset events during the current fiscal year included the following:

- Governmental activities' construction in progress increased by \$13.2 million due mostly to the construction of the City's new Police and Fire Stations.
- Governmental activities' improvements increased by \$9.6 million due to the portion of the construction that was finished during the fiscal year.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Section IV, Note D, in the Notes to the Financial Statements for further information regarding capital assets.

## Debt Administration

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$206.9 million. Of this amount, \$60.4 million is general obligation bonds backed by the full faith and credit of the City and \$77.5 million in revenue bonds, certificates of obligation or other obligations of the City's business enterprises. The remainder includes certificates of obligation and other obligations of \$69.0 million of governmental activities.

During fiscal year 2009, the City's total bonded debt increased by approximately \$12.4 million. The increase is due to the fact that the City issued new debt in fiscal year 2009. The City made scheduled payments against the bonds, which reduced the amount owed by the City.

<b>Outstanding Debt</b> <i>(in millions of dollars)</i>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
General obligation bonds	\$ 56.8	\$ 46.6	\$ 3.6	\$ 4.5	\$ 60.4	\$ 51.1
Revenue bonds (less deferred)	-	-	60.4	63.1	60.4	63.1
Certificates of obligation	68.3	63.7	17.1	15.6	85.4	79.3
Capital lease payable	0.7	0.9	-	-	0.7	0.9
Plus unamortized bond premium/ (discounts)	(0.1)	(0.1)	1.0	1.1	0.9	1.0
Less deferred amounts on refunding	(0.3)	(0.3)	(0.6)	(0.6)	(0.9)	(0.9)
<b>Total outstanding debt</b>	<b><u>\$ 125.4</u></b>	<b><u>\$ 110.8</u></b>	<b><u>\$ 81.5</u></b>	<b><u>\$ 83.7</u></b>	<b><u>\$ 206.9</u></b>	<b><u>\$ 194.5</u></b>

The City's debt service management policies are designed to comply with the legal provisions of the various bond ordinance and covenants governing the debt issue. The City established separate interest and sinking funds for each general obligation bond, certificate of obligation, and revenue bond issued. In addition, bond insurance is obtained for each revenue bond issue as required. City policy attempts to maintain a fund balance of at least two months of annual appropriated expenditures for debt service and any associated fees as a fund balance in the debt service fund at fiscal year end.

The most recent debt issues of the City of Killeen earned ratings from Moody's and Standard & Poors:

### City of Killeen Bonded Debt Ratings September 30, 2009

<b>Bond Type</b>	<b>Standard &amp; Poors</b>	<b>Moody's</b>
General Obligation	AA	Aa3
Utility Revenue Bond	AA-	Aa3
Certificates of Obligation	AA	Aa3

The state limits the legal amount of general obligation debt of a governmental entity to \$1.25 per \$100 valuation. The City's 2009 debt levy equaled \$0.20219 per \$100 assessed valuation, or 16.2 percent of the maximum allowed. Additional information on the City's long-term debt can be found in Section IV, Note G, of the notes to the Financial Statements.

## Economic Factors and Next Years' Budget and Rates



At the time this MD&A was written, most of the leading indicators such as the stock market, money supply, and the labor market were still showing signs of inflation remaining subdued for some time. Economic conditions are likely to warrant low federal funds rate levels for an extended period. The housing sector has improved but household spending remains constrained by a weak labor market, sluggish income growth, lower housing wealth, and tight credit. Committee anticipates that policy actions to stabilize financial markets and institutions will assist in strengthening economic growth. In regards to the third quarter GDP growth spurt, Treasury Management analysts realize that the government's fiscal stimulus programs were a major influence but that true economic recovery will be gradual. A key to supporting economic growth will be labor market improvements in jobs and income. During the month of November, the national unemployment rate rose to 10.0 percent from 6.8 percent a year ago, while Killeen's unemployment rate saw an increase to 7.4 percent in December from 6.2 percent a year ago. Other local economic indicators in Killeen trigger concerns but also show a stable climate. Sales tax revenues for the quarter ending in December are below last year's numbers by 3.1% while hotel occupancy tax revenues for the month surpassed last year's revenues by 6.5%. Additionally, the number of active utility customers in the city increased 5.2% over last year's number.

The City of Killeen continues to maintain a stable economy because of the diversified service oriented economy, large labor workforce, affordable housing development and commercial retail sector. Killeen-Fort Hood's Regional Airport (KFHRA) opened for business in August of 2004 and immediately started setting records for enplanements and deplanements. The future economic development opportunities to be derived from the opening of the KFHRA are unlimited.

Tourism is one of Killeen's major industries and is a significant contributor to the City's economy. Many local hotels, motels and restaurants complement the city's 63,000 square feet Civic and Conference Center. The Center boasts a 23,400 square feet ballroom, 3,000 square feet special events room, six large meeting rooms and two small meeting rooms in addition to full-featured kitchen facilities. Although in the year ending September 30, 2009, Hotel Occupancy tax revenues showed a decline because of the national economic condition, the cumulative effect through the end of this fiscal year displays an overall increase since the conference center opened in 2002. Increased tourism connected with the activities of Fort Hood influence the activities at the conference center and hotel occupancy tax receipts. The long-term outlook for local tourism looks positive.

This budget is submitted in accordance with the provisions of our City Charter which requires the City Manager to submit a proposed budget between forty-five and ninety days prior to the beginning of each fiscal year. I believe that this budget formulates a plan of municipal services that reflects the general directions and concerns of the City Council and the input from citizens received during the public forums. Many factors were considered in preparing the City's budget for fiscal year 2009-10, including national, state, and local economic trends. The concerns of our citizens and the priorities of the City Council were included in the development of the budget. The stability and continuing growth in the local economy allowed the City to address major needs in the budget this year. The budget for the 2009-10 fiscal year includes:

- Conservative projections of major revenue sources.
- Maintaining the ad valorem tax rate.
- Strengthened police department resources to deter crime and provide enhanced safety.
- Providing funding for street improvements and infrastructure needs.

As the City continues to work to reduce the projected operating budget deficit, the City remains committed to meet certain obligations, such as:

- Maintaining essential city services.
- Fully funding the City's share of financial obligations associated with the airport.

- Taking care of our employees by maintaining adequate pay plans, adequate benefits, and avoiding employee reductions in force.
- Maintaining the City's financial condition.
- Updating and maintaining the long-term financial models for each major fund.
- Continued investment in the City's basic infrastructure and public facilities, combined with a careful analysis of their operating costs.
- Maintaining the City's financial reserves to ensure the city can provide basic services during economic downturns or major emergencies and make strategic investments in Killeen's economic base.

**Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact:

City of Killeen Finance Department  
Barbara A. Gonzales, Director of Finance  
101 North College  
P. O. Box 1329  
Killeen, TX 76540  
(254) 501-7730

Or visit our website at:  
<http://www.ci.killeen.tx.us>

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF KILLEEN, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 60,381,225	\$ 14,658,668	\$ 75,039,893	\$ 5,213,676
Investments	14,486,609	16,282,541	30,769,150	-
Receivables (net of allowances for uncollectibles)-				
Grants	243,671	442,214	685,885	-
Taxes	3,797,506	-	3,797,506	-
Accounts	1,257,305	6,235,247	7,492,552	-
Notes	82,729	-	82,729	33,712
Accrued interest	9,236	9,236	18,472	-
Internal balances	(52,436)	52,436	-	-
Inventories	373,041	298,878	671,919	-
Prepaid items	-	605,000	605,000	-
Restricted assets:				
Cash and cash equivalents	103,937	24,493,149	24,597,086	-
Deferred charges	785,847	805,250	1,591,097	-
Other assets	92,152	-	92,152	169,556
Capital assets:				
Non-depreciable	33,914,573	18,546,164	52,460,737	2,303,392
Depreciable (net)	135,148,389	207,438,921	342,587,310	3,367,426
Total assets	<u>\$ 250,623,784</u>	<u>\$ 289,867,704</u>	<u>\$ 540,491,488</u>	<u>\$ 11,087,762</u>

The accompanying notes are an integral part of this financial statement.

**EXHIBIT A-1**

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
<b>LIABILITIES</b>				
Accounts payable	\$ 7,852,638	\$ 4,230,557	\$ 12,083,195	\$ 44,180
Escrow payable	-	3,500	3,500	-
Due to other governments	358,701	-	358,701	-
Due to others	4,280,000	-	4,280,000	-
Customer deposits	48,566	1,964,821	2,013,387	-
Accrued interest payable	923,570	522,184	1,445,754	-
Deferred revenue	886,885	-	886,885	-
Noncurrent liabilities				
Due within one year	5,067,896	6,277,636	11,345,532	-
Due in more than one year	127,128,723	75,823,110	202,951,833	769,174
Total liabilities	<u>146,546,979</u>	<u>88,821,808</u>	<u>235,368,787</u>	<u>813,354</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	70,831,173	160,788,607	231,619,780	4,901,644
Restricted for:				
Debt service	3,538,047	9,025,106	12,563,153	-
Capital projects	8,483,715	3,016,080	11,499,795	-
Economic development	-	-	-	5,372,764
Unrestricted	<u>21,223,870</u>	<u>28,216,103</u>	<u>49,439,973</u>	<u>-</u>
Total net assets	<u>\$ 104,076,805</u>	<u>\$ 201,045,896</u>	<u>\$ 305,122,701</u>	<u>\$ 10,274,408</u>

**CITY OF KILLEEN, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 13,873,564	\$ 4,501,278	\$ 251,404	\$ 44,723
Police	21,808,286	1,442,079	53,779	112,470
Fire	16,272,177	2,674,030	687,409	-
Public works	10,655,648	-	-	1,984,083
Library	1,683,583	39,973	29,082	-
Parks and recreation	3,472,513	756,496	-	-
Community services	5,625,155	272,237	2,057,931	207,559
Golf	1,879,877	1,294,705	-	-
Interest on long-term debt	5,092,447	-	-	-
Total governmental activities	80,363,250	10,980,798	3,079,605	2,348,835
Business-type activities:				
Airport operations	6,788,224	4,165,638	-	1,755,018
Solid waste	11,811,015	11,688,896	-	-
Water and sewer	24,610,252	30,603,258	-	2,788,598
Drainage utility	2,405,678	2,909,004	-	46,727
Total business-type activities	45,615,169	49,366,796	-	4,590,343
Total primary government	\$ 125,978,419	\$ 60,347,594	\$ 3,079,605	\$ 6,939,178
Component Unit:				
Killeen Economic Development Corp.	\$ 1,369,973	\$ 540,944	\$ 832,520	\$ -

General revenues:

Taxes:

Ad valorem taxes

Penalties and interest

Beverage taxes

Franchise taxes

City Sales taxes

Bingo taxes

Investment income

Proceeds from sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets as restated - beginning

Prior period adjustment

Net assets-ending

The accompanying notes are an integral part of this financial statement.

**EXHIBIT A-2**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
\$ (9,076,159)	\$ -	\$ (9,076,159)	\$ -
(20,199,958)	-	(20,199,958)	-
(12,910,738)	-	(12,910,738)	-
(8,671,565)	-	(8,671,565)	-
(1,614,528)	-	(1,614,528)	-
(2,716,017)	-	(2,716,017)	-
(3,087,428)	-	(3,087,428)	-
(585,172)	-	(585,172)	-
(5,092,447)	-	(5,092,447)	-
<u>(63,954,012)</u>	<u>-</u>	<u>(63,954,012)</u>	<u>-</u>
-	(867,568)	(867,568)	-
-	(122,119)	(122,119)	-
-	8,781,604	8,781,604	-
-	550,053	550,053	-
<u>-</u>	<u>8,341,970</u>	<u>8,341,970</u>	<u>-</u>
<u>(63,954,012)</u>	<u>8,341,970</u>	<u>(55,612,042)</u>	<u>-</u>
			<u>3,491</u>
29,735,458	-	29,735,458	-
238,617	-	238,617	-
268,902	-	268,902	-
5,203,332	-	5,203,332	-
19,850,152	-	19,850,152	-
221,231	-	221,231	-
1,013,032	747,651	1,760,683	58,191
-	22,353	22,353	-
7,697,188	(7,697,188)	-	-
<u>64,227,912</u>	<u>(6,927,184)</u>	<u>57,300,728</u>	<u>58,191</u>
273,900	1,414,786	1,688,686	61,682
103,802,905	199,631,110	303,434,015	9,603,677
-	-	-	609,049
<u>\$ 104,076,805</u>	<u>\$ 201,045,896</u>	<u>\$ 305,122,701</u>	<u>\$ 10,274,408</u>



**CITY OF KILLEEN, TEXAS**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2009**

	General Fund	2007 G.O. & C.O. Bonds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,725,441	\$ 15,214,203	\$ 37,441,581	\$ 60,381,225
Investments	14,486,609	-	-	14,486,609
Receivables (net of allowances for uncollectibles):				
Grants	126,413	-	117,258	243,671
Taxes	3,646,189	-	151,317	3,797,506
Accounts	1,239,437	-	17,868	1,257,305
Notes	82,729	-	-	82,729
Accrued interest	3,958	5,278	-	9,236
Inventories	368,180	-	4,861	373,041
Restricted assets :				
Cash and cash equivalents	80,172	-	23,765	103,937
Due from other funds	403	-	-	403
Other current assets	92,152	-	-	92,152
Total assets	<u>\$ 27,851,683</u>	<u>\$ 15,219,481</u>	<u>\$ 37,756,650</u>	<u>\$ 80,827,814</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,557,193	\$ 3,308,126	\$ 1,987,319	\$ 7,852,638
Due to other governments	346,325	-	12,376	358,701
Due to other funds	-	-	52,839	52,839
Due to others	-	-	4,280,000	4,280,000
Customer deposits	48,566	-	-	48,566
Vacation and sick leave payable	71,899	-	-	71,899
Deferred revenue	1,863,729	-	278,976	2,142,705
Total liabilities	<u>4,887,712</u>	<u>3,308,126</u>	<u>6,611,510</u>	<u>14,807,348</u>
Fund balances:				
Reserved:				
Encumbrances	692,172	-	116,078	808,250
Inventories	368,180	-	4,861	373,041
Debt service	240,170	-	4,042,477	4,282,647
Capital projects	-	11,911,355	23,035,622	34,946,977
Unreserved:				
Designated for emergencies (Note F)	1,525,000	-	-	1,525,000
Designated for special use (Note F)	312,688	-	1,972	314,660
Undesignated - general fund	19,825,761	-	-	19,825,761
Undesignated - special revenue funds	-	-	3,944,130	3,944,130
Total fund balances	<u>22,963,971</u>	<u>11,911,355</u>	<u>31,145,140</u>	<u>66,020,466</u>
Total liabilities and fund balances	<u>\$ 27,851,683</u>	<u>\$ 15,219,481</u>	<u>\$ 37,756,650</u>	<u>\$ 80,827,814</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF KILLEEN, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

Total fund balances - governmental funds balance sheet	\$ 66,020,466
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets (net of accumulated depreciation) used in governmental funds are not financial resources and, therefore, are not reported in the funds.	169,062,962
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(131,847,829)
The net increase in the Other Post Employment Benefit Obligation (OPEB) is not due and payable in the current period and, therefore, is not reported in the funds	(414,614)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>1,255,820</u>
Net assets of governmental activities - statement of net assets	<u><u>\$ 104,076,805</u></u>

The accompanying notes are an integral part of this financial statement.

**CITY OF KILLEEN, TEXAS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General Fund	2007 G.O. & C.O. Bonds	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 45,166,024	-	\$ 10,269,746	\$ 55,435,770
Licenses and permits	1,100,819	-	-	1,100,819
Intergovernmental	836,626	-	1,580,097	2,416,723
Charges for services	5,037,560	-	436,580	5,474,140
Fines	2,555,771	-	1,437,738	3,993,509
Miscellaneous	1,009,977	419,395	592,563	2,021,935
Total revenues	<u>55,706,777</u>	<u>419,395</u>	<u>14,316,724</u>	<u>70,442,896</u>
<b>EXPENDITURES</b>				
Current expenditures:				
General government	6,886,756	-	1,823,239	8,709,995
Public safety	35,420,896	-	245,884	35,666,780
Public works	4,672,140	-	-	4,672,140
Community services	9,099,754	-	1,763,647	10,863,401
Miscellaneous	4,224,836	-	22,659	4,247,495
Capital outlay	4,017,075	22,884,277	10,845,292	37,746,644
Debt service :				
Principal	200,604	-	4,804,670	5,005,274
Interest	39,566	-	4,898,566	4,938,132
Fiscal charges	-	-	18,924	18,924
Total expenditures	<u>64,561,627</u>	<u>22,884,277</u>	<u>24,422,881</u>	<u>111,868,785</u>
Deficiency of revenues under expenditures	<u>(8,854,850)</u>	<u>(22,464,882)</u>	<u>(10,106,157)</u>	<u>(41,425,889)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	19,675,000	19,675,000
Refunding bonds issued	-	-	744,600	744,600
Costs of issuance	-	-	(82,825)	(82,825)
Contributions - other	312,688	-	153,197	465,885
Developer contributions	1,984,083	-	-	1,984,083
Refund to bond escrow agent	-	-	(727,601)	(727,601)
Transfers in	5,425,346	-	7,966,857	13,392,203
Transfers out	(15,226)	-	(5,679,789)	(5,695,015)
Total other financing sources (uses)	<u>7,706,891</u>	<u>-</u>	<u>22,049,439</u>	<u>29,756,330</u>
Net changes in fund balances	<u>(1,147,959)</u>	<u>(22,464,882)</u>	<u>11,943,282</u>	<u>(11,669,559)</u>
Fund balances as restated, October 1	<u>24,111,930</u>	<u>34,376,237</u>	<u>19,201,858</u>	<u>77,690,025</u>
Fund balances, September 30	<u>\$ 22,963,971</u>	<u>\$ 11,911,355</u>	<u>\$ 31,145,140</u>	<u>\$ 66,020,466</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF KILLEEN, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Net change in fund balances - total government funds \$ (11,669,559)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report all capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This reconciling item represents the amount by which capital outlays exceeded depreciation in the current period. 27,388,474

The issuance of long-term debt (i.e. bonds, capital lease) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This reconciling item represents the net effect of these differences in the treatment of long-term debt and related items. (14,575,106)

The net increase in the Other Post Employment Benefit Obligation (OPEB) is not due and payable in the current period and, therefore, is not reported in the funds (414,614)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This reconciling item reflects the net of such expenses. (502,392)

Some revenues in the statement of activities do not provide current financial resources and are not included in the governmental funds. This reconciling item represents the total of such revenues. 47,097

Change in Net Assets of Governmental Activities - Statement of Activities \$ 273,900

The accompanying notes are an integral part of this financial statement.

**CITY OF KILLEEN, TEXAS**  
**STATEMENT OF NET ASSETS**  
**ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2009**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,253,300	\$ 108,419	\$ 8,369,993
Investments	-	2,010,030	14,272,511
Receivables (net of allowances for uncollectibles):			
Grants	442,214	-	-
Accounts	-	1,531,063	4,474,560
Accrued interest	-	660	8,576
Due from other funds	-	52,436	-
Inventories	72,157	-	226,721
Prepaid items	-	-	605,000
Restricted assets:			
Cash and cash equivalents	263,053	261,517	17,016,827
Deferred charges	-	118,014	584,588
Total current assets	<u>5,030,724</u>	<u>4,082,139</u>	<u>45,558,776</u>
Noncurrent assets:			
Property and equipment:			
Land	1,319,003	72,165	243,332
Buildings and improvements	90,290,938	11,741,288	86,574,975
Improvements other than buildings	-	-	61,035,834
Furniture and equipment	935,151	3,931,084	3,873,904
Vehicles	767,670	8,780,001	3,109,089
Construction in progress	2,162,677	-	14,748,987
Less accumulated depreciation	<u>(20,622,912)</u>	<u>(10,993,369)</u>	<u>(35,873,337)</u>
Net property and equipment	<u>74,852,527</u>	<u>13,531,169</u>	<u>133,712,784</u>
Total assets	<u>\$ 79,883,251</u>	<u>\$ 17,613,308</u>	<u>\$ 179,271,560</u>

The accompanying notes are an integral part of this financial statement.

**EXHIBIT A-7**

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 1,926,956	\$ 14,658,668
-	16,282,541
-	442,214
229,624	6,235,247
-	9,236
-	52,436
-	298,878
-	605,000
6,951,752	24,493,149
102,648	805,250
<u>9,210,980</u>	<u>63,882,619</u>
-	1,634,500
-	188,607,201
3,206,102	64,241,936
965,515	9,705,654
602,021	13,258,781
-	16,911,664
(885,033)	(68,374,651)
<u>3,888,605</u>	<u>225,985,085</u>
<u>\$ 13,099,585</u>	<u>\$ 289,867,704</u>

(Continued)

**CITY OF KILLEEN, TEXAS**  
**STATEMENT OF NET ASSETS**  
**ENTERPRISE FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2009**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 1,549,338	\$ 521,178	\$ 1,876,044
Escrow payable	3,500	-	-
Customer deposits	-	-	1,964,821
Vacation and sick leave payable	111,397	228,049	257,881
Current portion of general obligation bonds payable	-	-	4,890,900
Current portion of certificate of obligation bonds payable	-	473,027	-
Restricted accrued interest payable	-	-	472,158
Total current liabilities	<u>1,664,235</u>	<u>1,222,254</u>	<u>9,461,804</u>
Noncurrent liabilities:			
General obligation bonds payable - long-term	-	-	59,134,500
Certificate of obligation bonds payable - long-term	-	9,845,000	-
Deferred amount on refunding bonds	-	-	(605,922)
Unamortized bond premium (discount)	-	(58,016)	1,093,268
Total non-current liabilities	<u>-</u>	<u>9,786,984</u>	<u>59,621,846</u>
Total liabilities	<u>1,664,235</u>	<u>11,009,238</u>	<u>69,083,650</u>
Net Assets:			
Investment in capital assets (net of related debt)	74,852,527	3,271,158	80,759,087
Restricted:			
Capital projects	2,969,353	-	-
Debt service	-	721,102	7,723,846
Unrestricted	<u>397,136</u>	<u>2,611,810</u>	<u>21,704,977</u>
Total net assets	<u>78,219,016</u>	<u>6,604,070</u>	<u>110,187,910</u>
Total liabilities and net assets	<u>\$ 79,883,251</u>	<u>\$ 17,613,308</u>	<u>\$ 179,271,560</u>

The accompanying notes are an integral part of this statement.

**EXHIBIT A-7 (CONT'D)**

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 283,997	\$ 4,230,557
-	3,500
-	1,964,821
36,382	633,709
-	4,890,900
280,000	753,027
50,026	522,184
<u>650,405</u>	<u>12,998,698</u>
-	59,134,500
6,475,000	16,320,000
-	(605,922)
(60,720)	974,532
<u>6,414,280</u>	<u>75,823,110</u>
<u>7,064,685</u>	<u>88,821,808</u>
1,905,835	160,788,607
46,727	3,016,080
580,158	9,025,106
3,502,180	28,216,103
<u>6,034,900</u>	<u>201,045,896</u>
<u>\$ 13,099,585</u>	<u>\$ 289,867,704</u>



**CITY OF KILLEEN, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS – ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,165,638	\$ 11,688,896	\$ 30,603,258
Total operating revenues	<u>4,165,638</u>	<u>11,688,896</u>	<u>30,603,258</u>
<b>OPERATING EXPENSES</b>			
Purchase of water	-	-	6,278,399
Sewage treatment	-	-	4,870,662
Salaries	1,542,590	3,233,642	4,054,242
Employee benefits	487,028	1,050,249	1,290,015
Repairs and maintenance	295,056	1,224,284	773,393
Supplies	82,654	577,569	582,597
Depreciation	3,125,247	1,600,139	3,608,451
Miscellaneous services and charges	1,255,649	409,062	1,627,002
Refuse disposal costs	-	3,329,134	-
Total operating expenses	<u>6,788,224</u>	<u>11,424,079</u>	<u>23,084,761</u>
Operating Income (Loss)	<u>(2,622,586)</u>	<u>264,817</u>	<u>7,518,497</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Proceeds from sale of equipment	-	22,353	-
Investment revenue	45,595	54,674	575,321
Industrial development	-	-	(714,400)
Interest expense	-	(386,936)	(811,091)
Total non-operating revenues (expenses)	<u>45,595</u>	<u>(309,909)</u>	<u>(950,170)</u>
Income before contributions and transfers	<u>(2,576,991)</u>	<u>(45,092)</u>	<u>6,568,327</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Contributions - other	-	-	14,998
Contributions - capital	1,755,018	-	2,773,600
Transfers in	-	1,439,450	-
Transfers out	(1,715,183)	(4,071,984)	(3,331,776)
Total contributions and transfers	<u>39,835</u>	<u>(2,632,534)</u>	<u>(543,178)</u>
Change in net assets	<u>(2,537,156)</u>	<u>(2,677,626)</u>	<u>6,025,149</u>
Beginning net assets as restated, October 1	<u>80,756,172</u>	<u>9,281,696</u>	<u>104,162,761</u>
Ending net assets, September 30	<u>\$ 78,219,016</u>	<u>\$ 6,604,070</u>	<u>\$ 110,187,910</u>

The accompanying notes are an integral part of this financial statement.

**EXHIBIT A-8**

Drainage Utility Enterprise Fund	Total Enterprise Funds
<u>\$ 2,909,004</u>	<u>\$ 49,366,796</u>
<u>2,909,004</u>	<u>49,366,796</u>
-	6,278,399
-	4,870,662
753,897	9,584,371
242,954	3,070,246
412,693	2,705,426
88,057	1,330,877
350,469	8,684,306
238,841	3,530,554
-	3,329,134
<u>2,086,911</u>	<u>43,383,975</u>
<u>822,093</u>	<u>5,982,821</u>
-	22,353
72,061	747,651
-	(714,400)
<u>(318,767)</u>	<u>(1,516,794)</u>
<u>(246,706)</u>	<u>(1,461,190)</u>
<u>575,387</u>	<u>4,521,631</u>
-	14,998
46,727	4,575,345
-	1,439,450
<u>(17,695)</u>	<u>(9,136,638)</u>
<u>29,032</u>	<u>(3,106,845)</u>
<u>604,419</u>	<u>1,414,786</u>
<u>5,430,481</u>	<u>199,631,110</u>
<u>\$ 6,034,900</u>	<u>\$ 201,045,896</u>

**CITY OF KILLEEN, TEXAS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 3,781,966	\$ 11,624,666	\$ 30,393,431
Payments to suppliers	(320,609)	(6,096,827)	(15,306,946)
Payments to employees	(2,070,729)	(4,272,321)	(5,336,288)
Payments for interfund services used	(131,881)	255	(5,378)
Net cash provided by operating activities	<u>1,258,747</u>	<u>1,255,773</u>	<u>9,744,819</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Industrial development	-	-	(714,400)
Transfers in from other funds	-	1,439,450	-
Transfers out to other funds	(1,715,183)	(4,071,984)	(3,331,776)
Net cash used by noncapital financing activities	<u>(1,715,183)</u>	<u>(2,632,534)</u>	<u>(4,046,176)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributions/grants	1,755,018	-	2,788,598
Purchase and construction of capital assets	(3,006,967)	(2,243,430)	(15,096,729)
Proceeds from sale of capital assets	-	22,353	-
Proceeds from long-term debt	-	2,000,000	-
Principal paid on long-term debt	-	(259,230)	(3,603,099)
Interest and fees paid on long-term debt	-	(445,035)	(976,704)
Net cash used by capital and related financing activities	<u>(1,251,949)</u>	<u>(925,342)</u>	<u>(16,887,934)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities	-	(9,792)	(5,950,355)
Interest and dividends on investments	45,595	54,674	575,321
Net cash provided by (used for) investing activities	<u>45,595</u>	<u>44,882</u>	<u>(5,375,034)</u>
Net decrease in cash and cash equivalents	(1,662,790)	(2,257,221)	(16,564,325)
Cash and cash equivalents at beginning of year (including \$759,765, \$255,894, \$25,655,767, and \$8,640,232 for the Airport, Solid Waste, Water and Sewer, and Drainage Utility funds, respectively, reported in restricted cash accounts)	<u>6,179,143</u>	<u>2,627,157</u>	<u>41,951,145</u>
Cash and cash equivalents at end of year (including \$263,053, \$261,517, \$15,052,006, and \$6,951,752 for the Airport, Solid Waste, Water and Sewer, and Drainage Utility funds, respectively, reported in restricted cash accounts)	<u>\$ 4,516,353</u>	<u>\$ 369,936</u>	<u>\$ 25,386,820</u>

The accompanying notes are an integral part of this financial statement.

**EXHIBIT A-9**

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 2,898,828	\$ 48,698,891
(990,086)	(22,714,468)
(987,437)	(12,666,775)
-	(137,004)
<u>921,305</u>	<u>13,180,644</u>
-	(714,400)
-	1,439,450
<u>(17,695)</u>	<u>(9,136,638)</u>
<u>(17,695)</u>	<u>(8,411,588)</u>
46,727	4,590,343
(680,015)	(21,027,141)
-	22,353
-	2,000,000
(270,000)	(4,132,329)
<u>(310,958)</u>	<u>(1,732,697)</u>
<u>(1,214,246)</u>	<u>(20,279,471)</u>
-	(5,960,147)
<u>72,061</u>	<u>747,651</u>
<u>72,061</u>	<u>(5,212,496)</u>
(238,575)	(20,722,911)
<u>9,117,283</u>	<u>59,874,728</u>
<u>\$ 8,878,708</u>	<u>\$ 39,151,817</u>

(Continued)

**CITY OF KILLEEN, TEXAS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (2,622,586)	\$ 264,817	\$ 7,518,497
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	3,125,247	1,600,139	3,608,451
Changes in assets and liabilities:			
Decrease (increase) in receivables	(383,672)	(64,230)	(209,827)
Decrease (increase) in due from other funds	-	255	-
Decrease (increase) in inventories	(4,786)	-	20,876
Decrease (increase) in other assets	-	-	(35,000)
Increase (decrease) in payables	1,317,536	(556,778)	(1,378,588)
Increase (decrease) in due to other funds	(131,881)	-	(5,378)
Increase (decrease) in customer deposits	-	-	217,819
Increase (decrease) in vacation and sick leave payable	(41,111)	11,570	7,969
Total adjustments	3,881,333	990,956	2,226,322
Net cash provided by operating activities	<u>\$ 1,258,747</u>	<u>\$ 1,255,773</u>	<u>\$ 9,744,819</u>

The accompanying notes are an integral part of this financial statement.

**EXHIBIT A-9 (CONT'D)**

<u>Drainage Utility Enterprise Fund</u>	<u>Total Enterprise Funds</u>
\$ 822,093	\$ 5,982,821
350,469	8,684,306
(10,176)	(667,905)
-	255
-	16,090
-	(35,000)
(250,495)	(868,325)
-	(137,259)
-	217,819
<u>9,414</u>	<u>(12,158)</u>
<u>99,212</u>	<u>7,197,823</u>
<u>\$ 921,305</u>	<u>\$ 13,180,644</u>

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## **NOTES TO THE FINANCIAL STATEMENTS**



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**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Killeen, Texas, a Home-Rule Municipal Corporation, organized and existing under the Provisions of the Constitution of the State of Texas, adopted its Charter March 3, 1949. The City operates under the Council-Manager form of government and provides the following services as authorized by its Charter: public safety (police and fire), public works, community services, solid waste, water and sewer, airport, drainage and general administrative services. The financial statements of the City of Killeen, Texas, (the primary government) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**Discretely presented component unit** The Killeen Economic Development Corporation (KEDC) is a legally separate entity from the City. KEDC was created for the purpose of promoting economic development within the City of Killeen. The number of members may be increased or decreased by the City of Killeen, and the members are also appointed by the City of Killeen. There are three members nominated by and representing each of the following organizations: three from the City of Killeen Mayor and City Council, three from the Greater Killeen Chamber of Commerce, and three from the Killeen Industrial Foundation. Advisory members may be appointed by the City of Killeen as ex officio members of KEDC, but they are non-voting members. KEDC has been included in the reporting entity as a non-major discretely presented component unit of the City because the City appoints a voting majority of the board, provides approximately 60% of funding for the board and maintains the ability to impose its will on the board. Complete financial statements for KEDC may be obtained at the entity's administrative offices, which are located at: One Santa Fe Plaza, P.O. Box 548, Killeen, TX 76540.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). This Statement provides for the most significant change in governmental financial reporting in over twenty years and was implemented on a phased schedule (based on size of government) starting with fiscal years ending 2002 (for larger governments). The City of Killeen implemented GASB Statement No. 34 for the year ending September 30, 2003. The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The previous reporting model emphasized fund types (the total of all funds of a particular type). In the new reporting model as defined by GASB Statement No. 34, the focus is either the City as a whole or major individual funds (within the fund financial statements).

**Government-wide Statements** The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

separately from the legally separate component unit for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. Also included in program revenues are grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements** Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and activities of its discretely presented component unit on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both noncurrent assets and noncurrent liabilities of the City, which were previously recorded in the General Capital Assets and the General Long-term Debt. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Unbilled utility receivables are estimated, based on the number of days included in the period. Tap fees approximate cost, therefore, they are recorded as revenue.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

In addition to the government-wide financial statements, the City has prepared governmental fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, penalties, interest revenue, and charges for services. Sales and other taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue. Fines, permits, beverage and bingo taxes are not susceptible to accrual because, generally, they are not measurable until received in cash. Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. Revenue is recognized in subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has chosen not to apply subsequent private-sector guidance.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Enterprise fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, solid waste, drainage utility, and airport funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

All enterprise funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Unbilled utility accounts receivable have been recorded in the financial statements. Tap fees approximate cost therefore they are recorded as revenue.

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

GASB Statement No. 34 also requires, as supplementary information, Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

**General Fund** – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, streets, parks and recreation, and general governmental services.

**2007 General Obligation and Certificates of Obligation Bond Fund** – is a capital projects fund that accounts for construction projects financed through bond proceeds.

Additionally, the City reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources (other than those listed below) that are legally restricted to expenditures for specified purposes.

**Capital Projects Funds** – are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Debt Service Funds** – are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major enterprise funds:

**Airport Fund** – is used to account for the provision of airport facilities. All activities necessary to provide such services are accounted for in this fund.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

**Solid Waste Fund** – is used to account for the provision of solid waste collection and disposal services to customers who are billed monthly at a rate sufficient to cover the cost of providing the service.

**Water and Sewer Fund** – is used to account for water and sewer operations. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities.

**Drainage Utility Fund** – is used to account for financial resources to be used for the construction and maintenance of the drainage utility facilities.

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

1) Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

The City is authorized to invest in funds in the following:

- i. Obligations of the United States or its agencies and instrumentalities, which have a stated maturity on the date of purchase of two years or less.
- ii. Direct obligations of the State of Texas or its agencies and instrumentalities.
- iii. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas or a savings and loan association domiciled in the State of Texas.
- iv. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed with the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities.
- v. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and have received a rating of not less than A or its equivalent.
- vi. Eligible fully collateralized repurchase agreements, as defined by the Public Funds Investment Act.
- vii. Eligible investment pools in accordance with the Public Funds Investment Act. Sec. 2256.016-2256.019.
- viii. Any other securities which may be added by the State of Texas as permissible investments for municipal governments which are in compliance with the Public Funds Investment Act.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

1) Deposits and Investments (continued):

2) Interfund Transactions and Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Interfund transactions, other than reimbursements, are reported as transfers.

3) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the general fund and the special revenue funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute GAAP basis expenditures or liabilities, since the commitments will be honored during the subsequent year.

4) Cash and Investments

Cash equivalents include demand deposits as well as short-term, highly liquid investments readily convertible to known amounts of cash with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market values.

5) Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements.

6) Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by Council designation or because their use is limited by applicable bond covenants.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

7) Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the City using the following thresholds:

Asset Class	Threshold
Land/land improvements	Capitalize All
Buildings/building improvements	\$ 25,000
Facilities and other improvements	\$ 25,000
Infrastructure	\$ 25,000
Furniture, Fixtures, Equipment	\$ 5,000
Vehicles	\$ 5,000
Library books/materials (collections)	Capitalize All
Works of art/historical treasures	Capitalize All
Leasehold improvements	\$ 25,000

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The amount of interest expense, incurred from the date of the borrowing until completion of the project, is offset by interest earned on invested proceeds over the same period.

Property, plant and equipment of the City are depreciated using the straight-line method over the following useful lives;

Assets	Years
Buildings and improvements	15-30
Improvements - other	10-20
Infrastructure	10-50
Furniture, Fixtures, Equipment	3-10
Vehicles	5-10

The useful lives used for GASB 34 depreciation purposes differ from the City's asset replacement criteria.



**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

8)      Compensated Absences

Accruals for vacation and sick pay are reflected in the government-wide and enterprise financial statements for unpaid amounts of vacation and sick pay earned by employees. In the event of termination, all permanent employees will be reimbursed for accrued vacation time. All full-time employees, other than policemen and firemen, upon retirement only, will be reimbursed for accrued sick pay up to 720 hours. Policemen and firemen, upon resignation or retirement, will be reimbursed for accrued sick up to 720 and 1080 hours, respectively.

The governmental funds report a liability for these amounts only if they have matured, for example, as a result of employee resignations and retirements.

Actual vacation and sick benefits paid during the current year that were not accrued in the prior year, are recorded as expenditures in the General Fund. For enterprise funds, vacation and sick pay are recorded as an expense when earned.

9)      Transactions Between Funds

Short-term advances between funds, due to the use of a central cash pool, are accounted for in the appropriate interfund receivable and payable accounts. All ending balances in the current year represent short-term financing of related activity that the City intends to settle within one year. Transfers of a recurring or routine nature are legally authorized and are included in the operations of both governmental and enterprise funds.

10)     Long-Term Obligations

In the government-wide financial statements and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. This has been implemented in the government-wide financial statements prospectively.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

11) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

12) Comparative Data/Reclassifications

Comparative data have not been presented in the accompanying financial statements because their inclusion would make certain statements unduly complex and difficult to understand.

Revenue, expenditures and other financial data are classified in the manner management feels is most meaningful to financial statement users.

13) Pension Plans

It is the policy of the City to fund annual pension costs, which are composed of normal cost and amortization of unfunded prior service cost.

14) Deferred Revenues

Deferred revenues are those where an asset has been recognized for revenue that has been earned, but not yet available to finance expenditures of the current fiscal period. The City has reported in the fund financial statements the following as deferred revenues:

	Fund			Total
	General	Special Revenue	Debt Service	Governmental Funds
Property taxes receivable	\$ 564,367	\$ -	\$ 151,317	\$ 715,684
Miscellaneous	126,848	-	-	126,848
Ambulance fees receivable	529,957	-	-	529,957
Municipal court receivable	482,130	17,524	-	499,654
Notes receivable	82,729	-	-	82,729
Intergovernmental	-	110,135	-	110,135
Parks and recreation	77,698	-	-	77,698
Total deferred revenue	<u>\$ 1,863,729</u>	<u>\$ 127,659</u>	<u>\$ 151,317</u>	<u>\$ 2,142,705</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

15) Net Assets/Fund Balance reclassifications

As of October 1, 2008 the City reclassified a capital project fund that was previously reported with the Airport fund as a business-type activity to a governmental fund as a governmental-type activity. The reclassification has been done in order to more accurately report the activities within the funds.

	<b>2000 Limited Tax Note</b>	<b>Airport</b>
Net assets / fund balance as originally reported September 30, 2008	\$ -	\$ 82,039,634
Reclassification of balances	<u>1,283,462</u>	<u>(1,283,462)</u>
Net assets / fund balance as restated Ocotber 1, 2008	<u>\$ 1,283,462</u>	<u>\$ 80,756,172</u>

16) Other Post-Employment Benefits

In the government-wide financial statements, other post-employment benefit (OPEB) liabilities are reported as liabilities for the amount that the annual required contribution exceeds the amount funded by the City of a cumulative basis. The City began reporting this liability for fiscal year 2009 on a prospective basis.

17) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the City's post-employment obligation are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$131,847,829 difference are as follows:

General obligation bonds payable	\$ (56,829,600)
Certificates of obligation bonds payable	(68,331,973)
Capital lease payable	(658,937)
Less: Unamortized bond issuance costs - deferred charges	785,847
Less: Deferred amount on refunding	304,363
Plus: Unamortized premium (discount)	76,496
Accrued interest payable	(923,570)
Vacation and sick leave payable (in excess fund financial statement liability)	<u>(6,270,455)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (131,847,829)</u></u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$27,388,474 difference are as follows:

Capital outlay	\$ 37,220,002
Depreciation expense	(10,474,965)
Reclassifications	<u>643,437</u>
Net adjustment to increase net changes in fund balances- total government funds to arrive at changes in net assets of governmental activities	<u><u>\$ 27,388,474</u></u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**A. EXPLANATION OF CERTAIN DIFFERENCE BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS (CONTINUED)**

Another element of that reconciliation states that the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have an effect on net assets. The details of this \$14,575,106 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (13,919,600)
Issuance of certificates of obligation bonds	(6,500,000)
Capital lease financing	
Less: deferred amount on refunding	28,794
Less: bond issuance costs	82,825
Principal repayments:	
General obligation debt	3,666,501
Certificate of obligation debt	1,865,770
Capital lease payable	<u>200,604</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (14,575,106)</u></u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$502,392 difference are as follows:

Vacation and sick leave	\$ (338,208)
Accrued interest	(104,745)
Amortization of bond premium	(6,486)
Amortization of bond issuance costs	(39,174)
Amortization of amount deferred on refunding	<u>(13,779)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (502,392)</u></u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY ACCOUNTING**

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for budgeting current expenditures and capital outlay together by department and the use of encumbrances as discussed below. Annual appropriated budgets are adopted for the General, Special Revenue (except for Parks and Lion's Club Park) and Enterprise Funds. Project-length financial plans are adopted for all Capital Projects Funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year. However, these encumbrances are considered to be expenditures under the budgetary basis of accounting.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1, the City Manager submits a proposed budget to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. On or before September 20, the budget is legally adopted by the City Council.
3. Subsequent to enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget which may result in a change in total appropriations as long as total estimated expenditures do not exceed total estimated resources. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the department. Each special revenue fund represents a single department. The City Manager may reallocate expenditures within a department without prior City Council approval.
4. Formal budgetary integration is employed as a management control device by expenditure category for the following funds, which have legally adopted annual budgets: General Fund, Special Revenue Funds and Enterprise funds. Formal annual budgetary integration is not employed for Debt Service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Annual budgetary integration is not employed for the Capital Projects funds because the small number of contracts and projects in these funds provides effective project length budgetary control.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. BUDGETARY ACCOUNTING (CONTINUED)**

5. Budgets for the General Fund, the Special Revenue Funds, and Enterprise funds are adopted on a basis specified by the charge of the City of Killeen. For the General and Special Revenue Funds, this basis is consistent with the modified accrual basis of accounting, except that encumbrances are charged as expenditures. The budgetary comparison presented in this report is on the budgetary basis, which differs with generally accepted accounting principles.
6. Unencumbered budget appropriations lapse at year-end and do not carry forward to future periods except for appropriations for major capital projects.
7. During the year, no material supplemental appropriations were adopted.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

During the previous fiscal year ended 2008, an unexpected opportunity developed, in which the City's Fire Department was able to enter into a capital lease to purchase several ambulances. The City was no longer in the time-frame to amend the budget for the lease proceeds that were received. The obligation was entered into in fiscal year ended 2008, but the ambulances were not ordered nor received until fiscal year ended 2009, which is the fiscal year in which the capital outlay was properly recorded. Given the fact that funds have not been distributed except in the form of the capital lease payments, this gives the illusion that the city over-expended its budget by \$889,723 in the Fire Department. In fact, the city has appropriately budgeted for the capital lease payments; therefore, the City did not over-expend its budget.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

**Deposits**

All of the City's demand depository accounts are held in a local banking institution under the terms of a written depository contract. The City's policy requires the depository bank to secure the City's funds on a day-to-day basis with approved pledged securities with a market value equal to, but not less than, one hundred percent of the amount on deposit. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2009, \$3,552,679 of the City's \$4,669,418 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance of \$1,116,739 was covered by FDIC insurance. The City's policy is to maximize its earnings potential by keeping a majority of the City's funds on deposit with Texpool. Funds are transferred from Texpool, as needed, to ensure that the bank balance remains positive at all times.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

Investments are made in accordance with the Investment Policy adopted by the City as amended on December 9, 2008 to comply with the Public Funds Investment Act. This policy, which is applicable to all City funds, permits investments in the following:

1. Obligations of the United States or its agencies and instrumentalities that have a stated maturity date from purchase of two years or less.
2. Direct obligations of the State of Texas or its agencies and instrumentalities.
3. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas or a savings and loan association domiciled in the State of Texas and:
  - a. is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
  - b. secured by obligations that are described by Section 2256.009 (a) of the Public Funds Investment Act, but excluding those mortgage backed securities of the nature described by Section 2256.009 (b) of the Public Funds Invest Act; or
  - c. secured in any other manner and amount provided by law for deposits of the City.
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, which have a stated maturity on the date of purchase of two years or less.
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent, which have a stated maturity on the date of purchase of two years or less.
6. A fully collateralized repurchase agreement, as defined in the Public Funds Investment Act, if it
  - a. has a defined termination date;
  - b. is secured by obligations described by Section 2256.009 (a)(1) of the Public Funds Investment Act; and
  - c. requires the securities being purchased by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and
  - d. is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this State. Notwithstanding any law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by the City under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.
7. Eligible investment pools (as discussed in the Public Funds Investment Act, Sec. 2256.016-2256.019) if the City Council by resolution authorized investment in the particular pool. An investment pool shall invest the funds it receives from the City in authorized investments permitted by the Public Funds Investment Act.



**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

8. Any other securities which may be added by the State of Texas as permissible investments for municipal governments which are in compliance with the Public Funds Investment Act. Investment pools must be continuously rated AAA by at least one nationally recognized rating service or not lower than investment grade by at least one nationally recognized rating service with a weighted average maturity not greater than 90 days. Market mutual funds must be registered with and regulated by the Securities and Exchange Commission and must provide the City with a prospectus and other information required by federal law. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

The Investment Policy is consistent with statutory limitations of the State of Texas, requiring collateralization of deposits on a dollar for dollar basis, or Treasury Issues, which are backed by the full faith and credit of the United States Government.

The City's deposit and investment policy addressed the following risks:

**Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy regarding types of deposits allowed and collateral requirements are mentioned in the previous paragraphs. The City is not exposed to custodial credit risk due to deposits being insured by FDIC insurance and collateralized with pledged securities held in the name of the City.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments, held by an outside party, are fully insured and backed by the U. S. Government and, registered in the name of the City. It is the City's policy to ensure that potential brokers/dealers are in good standing with the National Association of Securities Dealers, registered with the Texas State Securities Board and reports to the Market Reports Division of New York. Therefore, the City is not exposed to custodial credit risk on its investments.

**Interest Rate Risk** – Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value of those securities if interest rates rise. The allowed maturity of any individual investment owned by the City shall not exceed two years at the time of purchase. Pooled funds shall have a weighted maximum average dollar maturity of less than ninety days, with the maximum maturity for any individual security in the portfolio not to exceed thirteen months. Limiting investment maturities and purchasing government securities are the City's means for limiting exposure to fair value losses arising from interest rate fluctuations.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

**Credit risk** – As of September 30, 2009, the City’s investments had the following Standard and Poor’s credit ratings:

TexPool – AAAm  
TexStar – AAAm  
TexasTerm – AAAf  
TexasDAILY - AAAm  
U.S. Agency Securities in FHLBs – AAA

Any other securities which may be added should meet the requirements of the State of Texas as permissible investments for municipal governments which are in compliance with the Public Funds Investment Act. Investment pools must be continually rated AAA by at least one nationally recognized rating service or not lower than investment grade by at least one nationally recognized rating service with a weighted average maturity not greater than 90 days. Market mutual funds must be registered with and regulated by the Securities and Exchange Commission and must provide the City with a prospectus and other information required by federal law. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

**Concentration Risk** – Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. All of the City’s investments are explicitly guaranteed by the U. S. Government or invested in an external investment pool and therefore, are not exposed to concentration risk.

The following summarizes investments of City Funds:

	Fair Value	Weighted Average Maturity (years)
TexPool (considered cash & cash equivalents due to liquidity)	\$ 57,685,739	0.010
TexStar	3,623,640	0.140
TexasTerm	37,123,603	0.160
U. S. Agency Securities	28,131,320	1.450
Total fair value	<u>\$ 126,564,302</u>	
Portfolio weighted average maturity		0.38

Market values of the U.S. Treasury securities and U. S. Agencies investments are based on quoted market values. In accordance with Governmental Accounting Standards Board Statement (GASB) No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools,” these securities are reported at fair value. All unrealized gains/losses are reported as net increases (decreases) in the fair value of investments. The City has elected to report short term as well as long-term U. S. Treasury Agency securities at fair value.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

**External Investment Pools:**

The City uses the following external investment pools:

**TexPool**

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool (the Texas Local Government Investment Pool). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

Finally, as a requirement to maintain the credit rating, weekly portfolio information must be submitted to Standard & Poors, as well as the Office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

**TexStar**

The Texas Short Term Asset Reserve Program (TexStar) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexStar. TexStar will invest only in instruments authorized under both the Public Funds Investment Act and the current TexStar Investment Policy. The primary objectives of TexStar are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

In order to comply with the Public Funds Investment Act, TexStar maintains a AAAM rating from Standard & Poors which monitors weekly the fund's compliance with its rating requirements. TexStar operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The TexStar Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the market value of the securities. All TexStar securities are marked to market on a daily basis.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

**TexasTERM**

The TexasTERM Local Government Investment Pool was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, school districts and other public investors. TexasTERM offers participants two investment portfolio options: TexasTERM and TexasDAILY. TexasTERM is a fixed rate, fixed term portfolio option rated AAAf by Standard and Poor's Corporation. Participants may lock in a fixed rate for a term of 50 to 365 days.

TexasDAILY is a money market portfolio with daily liquidity that is rated AAAm by Standard and Poor's.

The Pool is directed by an Advisory Board of experienced local governmental finance directors and treasurers. The Advisory Board contracts for services with professional service providers who are industry leaders in their field. The TexasTerm Program is managed by a team of industry leaders known throughout Texas for superior service and advice.

Their extensive experience in working with local governments throughout the State gives the Program an in-depth understanding of the investment needs, preferences and limitations faced by counties, school districts, municipalities and authorities.

The Program also has an Advisory Board made up of representatives of several participating local governments who meet periodically to discuss TexasTerm's services and provide recommendations for enhancements.

**B. PROPERTY TAXES**

The City's property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. The assessed value for the roll of January 1, 2008, upon which the 2009 fiscal year levy was based, was \$4,398,110,371.

The tax assessment of October 1, 2008 sets a tax levy at \$.695 per \$100 of assessed valuation at 100 percent of assumed market value. The City may levy a tax of up to \$1.50 per \$100 of assessed valuations for operations and maintenance purposes.

Taxes are due by January 1 following the October 1 levy date, at which time a lien attaches to the property. Tax collections during the fiscal year ended September 30, 2009, for the fiscal year 2009 tax levy, were 96.59 percent of the total tax levy for that year.

Delinquent property taxes, estimated to be collectible within 60 days after the fiscal year end, are recognized as revenues. Other delinquent property taxes are recorded as deferred revenue.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. PROPERTY TAXES (CONTINUED)**

At September 30, 2009, delinquent property taxes receivable were \$715,677, net of allowance for uncollectible accounts for \$238,559.

Since 1982, the appraisal of property within the City has been the responsibility of the county wide appraisal district. The appraisal district is required under the property tax code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessments ratios. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, and adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

**C. RECEIVABLES**

Receivables at September 30, 2009 for the City's individual major governmental funds, in the aggregate non-major governmental funds, and proprietary funds, net of allowances for uncollectible accounts, consist of the following:

	General	2007 G.O. & C.O. Bonds	Other Governmental Funds	Airport	Solid Waste	Water & Sewer	Drainage Utility	Total
Receivables:								
Grants	\$ 126,413	\$ -	\$ 117,258	\$ 442,214	\$ -	\$ -	\$ -	\$ 685,885
Taxes	3,646,189	-	151,317	-	-	-	-	3,797,506
Accounts	1,239,437	-	17,868	-	1,531,063	4,474,560	229,624	7,492,552
Notes receivable	82,729	-	-	-	-	-	-	82,729
Accrued interest	3,958	5,278	-	-	660	8,576	-	18,472
Total Net								
Receivables:	<u>\$ 5,098,726</u>	<u>\$ 5,278</u>	<u>\$ 286,443</u>	<u>\$ 442,214</u>	<u>\$ 1,531,723</u>	<u>\$ 4,483,136</u>	<u>\$ 229,624</u>	<u>\$ 12,077,144</u>

The Enterprise Fund accounts receivable include unbilled charges for services rendered at September 30, 2009.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS**

In compliance with GASB 34 requirements, the City is recording its governmental funds' infrastructure. The enterprise funds' infrastructure has already been recorded in previous years.

Capital asset activity for the year ended September 30, 2009 was as follows:

**Primary Government**

	Balance 9/30/2008	Additions	Deletions	Balance 9/30/2009
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,103,226	\$ -	\$ -	\$ 7,103,226
Construction in progress	13,674,512	19,518,718	(6,381,883)	26,811,347
Total capital assets, not being depreciated	20,777,738	19,518,718	(6,381,883)	33,914,573
Capital assets, being depreciated:				
Buildings and improvements	45,638,283	11,353,287	-	56,991,570
Vehicles	15,876,430	3,822,075	(642,884)	19,055,621
Furniture, fixtures, and equipment	20,865,309	950,513	(553)	21,815,269
Infrastructure Assets	168,113,918	8,600,729	-	176,714,647
Total capital assets being depreciated	250,493,940	24,726,604	(643,437)	274,577,107
Less accumulated depreciation for:				
Buildings and improvements	14,153,597	1,777,464	-	15,931,061
Vehicles	12,283,550	2,081,557	(642,884)	13,722,223
Furniture, fixtures, and equipment	15,414,447	1,497,214	(553)	16,911,108
Infrastructure assets	87,745,596	5,118,730	-	92,864,326
Total accumulated depreciation	129,597,190	10,474,965	(643,437)	139,428,718
Total capital assets being depreciated, net	120,896,750	14,251,639	-	135,148,389
Governmental activities capital assets, net	<u>\$ 141,674,488</u>	<u>\$ 33,770,357</u>	<u>\$ (6,381,883)</u>	<u>\$ 169,062,962</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS (CONTINUED)**

	Balance 9/30/2008	Additions	Deletions	Balance 9/30/2009
<b>Airport activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,319,003	\$ -	\$ -	\$ 1,319,003
Construction in progress	2,421,296	2,162,677	(2,421,296)	2,162,677
Total capital assets, not being depreciated	3,740,299	2,162,677	(2,421,296)	3,481,680
Capital assets being depreciated:				
Buildings and improvements	87,286,544	3,004,394	-	90,290,938
Furniture and equipment	673,960	261,191	-	935,151
Vehicles	767,670	-	-	767,670
Total capital assets being depreciated	88,728,174	3,265,585	-	91,993,759
Less accumulated depreciation for:				
Buildings and improvements	16,495,880	2,951,653	-	19,447,533
Furniture and equipment	509,388	84,914	-	594,302
Vehicles	492,397	88,680	-	581,077
Total accumulated depreciation	17,497,665	3,125,247	-	20,622,912
Total capital assets, being depreciated, net	71,230,509	140,338	-	71,370,847
Aviation activities capital assets, net	\$ 74,970,808	\$ 2,303,015	\$ (2,421,296)	\$ 74,852,527

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS (CONTINUED)**

	Balance 9/30/2008	Additions	Deletions	Adjustments	Balance 9/30/2009
<b>Solid Waste activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 72,165	\$ -	\$ -	\$ -	\$ 72,165
Construction in progress	2,079,430	-	(2,079,430)	-	-
Total capital assets, not being depreciated	2,151,595	-	(2,079,430)	-	72,165
Capital assets, being depreciated:					
Buildings and improvements	9,469,273	2,272,015	-	-	11,741,288
Furniture and equipment	3,142,999	254,615	-	533,470	3,931,084
Vehicles	8,160,506	1,796,230	(643,265)	(533,470)	8,780,001
Total capital assets being depreciated	20,772,778	4,322,860	(643,265)	-	24,452,373
Less accumulated depreciation for:					
Buildings and improvements	1,593,775	393,369	-	-	1,987,144
Furniture and equipment	2,232,554	303,239	-	533,470	3,069,263
Vehicles	6,210,166	903,531	(643,265)	(533,470)	5,936,962
Total accumulated depreciation	10,036,495	1,600,139	(643,265)	-	10,993,369
Total capital assets, being depreciated, net	10,736,283	2,722,721	-	-	13,459,004
Solid waste activities capital assets, net	\$ 12,887,878	\$ 2,722,721	\$ (2,079,430)	\$ -	\$ 13,531,169



**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS (CONTINUED)**

	Balance 9/30/2008	Additions	Deletions	Balance 9/30/2009
<b>Water and Sewer activities</b>				
Capital assets, not being depreciated:				
Land	\$ 243,332	\$ -	\$ -	\$ 243,332
Construction in progress	11,884,210	11,695,854	(8,831,077)	14,748,987
Total capital, assets not being depreciated	12,127,542	11,695,854	(8,831,077)	14,992,319
Capital assets being depreciated:				
Buildings and improvements	82,077,330	4,497,645	-	86,574,975
Improvements - other	53,645,376	7,390,458	-	61,035,834
Furniture and equipment	3,796,597	77,307	-	3,873,904
Vehicles	2,982,579	266,543	(140,033)	3,109,089
Total capital assets being depreciated	142,501,882	12,231,953	(140,033)	154,593,802
Less accumulated depreciation for:				
Buildings and improvements	21,318,513	1,650,126	-	22,968,639
Improvements - other	5,724,571	1,465,616	-	7,190,187
Furniture and equipment	3,017,490	245,437	-	3,262,927
Vehicles	2,344,345	247,272	(140,033)	2,451,584
Total accumulated depreciation	32,404,919	3,608,451	(140,033)	35,873,337
Total capital assets, being depreciated, net	110,096,963	8,623,502	-	118,720,465
Water/Sewer activities capital assets, net	\$ 122,224,505	\$ 20,319,356	\$ (8,831,077)	\$ 133,712,784

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS (CONTINUED)**

	Balance 9/30/2008	Additions	Deletions	Adjustments	Balance 9/30/2009
<b>Drainage Utility activities</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 235,773	\$ -	\$ (235,773)	\$ -	\$ -
Total capital assets not being depreciated	235,773	-	(235,773)	-	-
Capital assets being depreciated:					
Improvements - other	2,444,430	756,472	-	5,200	3,206,102
Furniture and equipment	964,359	6,356	-	(5,200)	965,515
Vehicles	449,061	152,960	-		602,021
Total capital assets being depreciated	3,857,850	915,788	-	-	4,773,638
Less accumulated depreciation for:					
Improvements - other	167,602	131,272	-	1,993	300,867
Furniture and equipment	301,830	161,069	-	(1,993)	460,906
Vehicles	65,132	58,128	-		123,260
Total accumulated depreciation	534,564	350,469	-	-	885,033
Total capital assets, being depreciated, net	3,323,286	565,319	-	-	3,888,605
Drainage Utility activities capital assets, net	\$ 3,559,059	\$ 565,319	\$ (235,773)	\$ -	\$ 3,888,605

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS (CONTINUED)**

	Balance 9/30/2008	Additions	Deletions	Adjustments	Balance 9/30/2009
<b>Total Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,634,500	\$ -	\$ -	\$ -	\$ 1,634,500
Construction in progress	16,620,709	13,858,531	(13,567,576)	-	16,911,664
Total capital assets, not being depreciated	18,255,209	13,858,531	(13,567,576)	-	18,546,164
Capital assets, being depreciated:					
Buildings and improvements	178,833,147	9,774,054	-	-	188,607,201
Improvement - other	56,089,806	8,146,930	-	5,200	64,241,936
Furniture and equipment	8,577,915	599,469	-	528,270	9,705,654
Vehicles	12,359,816	2,215,733	(783,298)	(533,470)	13,258,781
Total capital assets being depreciated	255,860,684	20,736,186	(783,298)	-	275,813,572
Less accumulated depreciation for:					
Buildings and improvements	39,408,168	4,995,148	-	-	44,403,316
Improvements - other	5,892,173	1,596,888	-	1,993	7,491,054
Furniture and equipment	6,061,262	794,659	-	531,477	7,387,398
Vehicles	9,112,040	1,297,611	(783,298)	(533,470)	9,092,883
Total accumulated depreciation	60,473,643	8,684,306	(783,298)	-	68,374,651
Total capital assets, being depreciated, net	195,387,041	12,051,880	-	-	207,438,921
Business-type activities capital assets, net	\$ 213,642,250	\$ 25,910,411	\$(13,567,576)	\$ -	\$ 225,985,085

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 750,358
Police	830,720
Fire	1,211,032
Public Works	5,935,350
Community Services	680,703
Permits and inspections	36,263
Parks and recreation	707,680
Library	197,417
Golf	125,442
	<u>\$ 10,474,965</u>
Business-type activities:	
Airport	\$ 3,125,247
Solid Waste	1,600,139
Water and Sewer	3,608,451
Drainage Utility	350,469
	<u>\$ 8,684,306</u>

**Construction Commitments**

The City had active Water and Sewer, Drainage Utility, Aviation, and Governmental construction projects as of September 30, 2009. At year-end the City's commitments with contractors were as follows:

	Contract Amount	Spent-to-Date	Remaining Commitment
Water and Sewer	\$ 10,266,547	\$ 8,258,741	\$ 2,007,806
Drainage Utility	273,346	79,822	193,524
Aviation	5,327,508	2,038,278	3,289,230
Governmental Funds	44,764,183	27,810,807	16,953,376
	<u>\$ 60,631,584</u>	<u>\$ 38,187,648</u>	<u>\$ 22,443,936</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS (CONTINUED)**

**Discretely presented component unit**

	Balance 9/30/2008	Additions	Adjustments	Balance 9/30/2009
<b>Killeen Economic Development Corp.</b>				
Capital assets, not being depreciated:				
Land				
KEDC - owned	\$ 280,007	\$ -	\$ -	\$ 280,007
Industrial Park	1,736,932	-	(13,850)	1,723,082
Convergys	110,000	-	-	110,000
Enterprise	100,000	-	-	100,000
First National Bank	90,303	-	-	90,303
Total capital assets not being depreciated	<u>2,317,242</u>	<u>-</u>	<u>(13,850)</u>	<u>2,303,392</u>
Capital assets being depreciated:				
Buildings				
Convergys	3,109,791	-	-	3,109,791
First National Bank	1,705,250	131,830	-	1,837,080
Entrance Sign	-	17,532	13,850	31,382
Total capital assets being depreciated	<u>4,815,041</u>	<u>149,362</u>	<u>13,850</u>	<u>4,978,253</u>
Less accumulated depreciation for:				
Buildings	<u>1,482,137</u>	<u>128,690</u>	<u>-</u>	<u>1,610,827</u>
Total accumulated depreciation	<u>1,482,137</u>	<u>128,690</u>	<u>-</u>	<u>1,610,827</u>
Total capital assets, being depreciated, net	<u>3,332,904</u>	<u>20,672</u>	<u>13,850</u>	<u>3,367,426</u>
KEDC capital assets, net	<u><u>\$ 5,650,146</u></u>	<u><u>\$ 20,672</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,670,818</u></u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

A summary of interfund receivables and payables at September 30, 2009 is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 403	\$ -
Special Revenue:		
CDBG Home Program	-	403
Debt Service:		
Tax Interest and Sinking 2005	-	52,436
Total Other Governmental Funds	403	52,839
Solid Waste	52,436	-
Totals	<u>\$ 52,839</u>	<u>\$ 52,839</u>

Interfund receivables and payables represent short term advances that will be repaid within the current year from grant and operating revenues.

Transfers during the year ended September 30, 2009 were:

	Transfers In	Transfers Out
General	\$ 5,425,346	\$ 15,226
Other Governmental Funds		
Special Revenue:		
Emergency Management	-	21,309
Hotel Occupancy Tax	-	760,000
CDBG HOME Program	15,226	-
Debt Service:		
Certificate of Obligation 2000	760,000	-
Tax Interest and Sinking 1999	-	40,160
Refunding Bond 1999	727,601	533,414
Tax Interest and Sinking 2002	491	-
Tax Interest and Sinking 2003	490,000	-
Certificates of Obligation 2009	119,000	-
Refunding Bond 2009	4,068,806	4,323,575
Capital Projects:		
2000 Limited Tax Note	1,225,183	-
2002 C.O. Bonds	-	491
1991 G.O. Bonds	-	840
2009 C.O. Bonds	560,550	-
Total Governmental Funds	<u>13,392,203</u>	<u>5,695,015</u>
Enterprise:		
Airport	-	1,715,183
Solid Waste	1,439,450	4,071,984
Water & Sewer	-	3,331,776
Drainage Utility	-	17,695
Totals	<u>\$ 14,831,653</u>	<u>\$ 14,831,653</u>

Transfers between funds were primarily to support debt service and operation of funds.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. FUND EQUITY**

**Reserves:**

The City of Killeen records two general types of reserves. One type is to indicate that a portion of the fund equity is legally segregated for a specific future use. The second type of reserve is to indicate that a portion of the fund equity is not appropriated for expenditures.

Following is a list of all reserves used by the City and a description of each:

Reserved for encumbrances – an account used to segregate a portion of fund balance for expenditure upon vendor performance.

Reserved for inventories – an account used to segregate a portion of fund balance to indicate that inventory does not represent available spendable resources even though it is a component of assets.

Reserved for debt service – these reserves were established to account for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.

Reserved for capital projects – these reserves were established in conjunction with the issuance of long-term debt. The proceeds of such debt are restricted to funding the cost of extensions, enlargements, additions, or replacements of new or existing infrastructure and other large capital items.

**Designations:**

Designated for special use – these designations were established to be used for specific purposes designated by City management.

Designated for emergencies – these designations were established to be used in extraordinary situations in which resources are needed to maintain normal fund operations.

The following is a schedule of fund equity reserves and designations by fund:

	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<b>Reserved:</b>					
Encumbrances	\$ 692,172	\$ 116,078	\$ -	\$ -	\$ -
Inventories	368,180	4,861	-	-	-
Debt Service	240,170	-	4,042,477	-	9,025,106
Capital Projects	-	-	-	34,946,977	3,016,080
<b>Designated:</b>					
Designated for Emergencies	1,525,000	-	-	-	4,301,222
Designated for Special Use	312,688	1,972	-	-	-
	<u>\$ 3,138,210</u>	<u>\$ 122,911</u>	<u>\$ 4,042,477</u>	<u>\$ 34,946,977</u>	<u>\$ 16,342,408</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2009 is as follows:

**Primary government:**

	September 30, 2008	Additions	Deletions	September 30, 2009	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 46,576,501	\$ 13,919,600	\$ (3,666,501)	\$ 56,829,600	\$ 2,079,100
Certificates of obligation	63,697,743	6,500,000	(1,865,770)	68,331,973	2,426,973
Unamortized bond premiums/(discounts)	(82,982)	-	6,486	(76,496)	-
Deferred amount on refunding	(289,348)	(28,794)	13,779	(304,363)	-
Total bonds payable	109,901,914	20,390,806	(5,512,006)	124,780,714	4,506,073
Compensated absences	5,998,127	2,842,070	(2,497,843)	6,342,354	351,985
Net OPEB Obligation	-	414,614	-	414,614	-
Capital lease payable	859,541	-	(200,604)	658,937	209,838
Governmental activity long-term debt	<u>\$ 116,759,582</u>	<u>\$ 23,647,490</u>	<u>\$ (8,210,453)</u>	<u>\$ 132,196,619</u>	<u>\$ 5,067,896</u>
<b>Business Type Activities:</b>					
Revenue bonds	\$ 63,105,000	\$ -	\$ (2,715,000)	\$ 60,390,000	\$ 3,870,000
General obligation bonds	4,523,499	3,635,400	(4,523,499)	3,635,400	1,020,900
Certificates of obligation	15,602,257	2,000,000	(529,230)	17,073,027	753,027
Unamortized bond premiums/(discounts)	1,052,884	-	(78,352)	974,532	-
Deferred amount on refunding	(554,088)	(140,584)	88,750	(605,922)	-
Total bonds payable	83,729,552	5,494,816	(7,757,331)	81,467,037	5,643,927
Compensated absences	645,867	349,845	(362,003)	633,709	354,877
Business-type activity long-term debt	<u>\$ 84,375,419</u>	<u>\$ 5,844,661</u>	<u>\$ (8,119,334)</u>	<u>\$ 82,100,746</u>	<u>\$ 5,998,804</u>



**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT (CONTINUED)**

Long-term debt at September 30, 2009 is comprised of the following:

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
<b>Governmental Fund</b>						
General obligation bonds:						
1999 Refunding	3.10-4.70	04/01/99	08/01/13	\$ 2,029,800	\$ 2,029,800	\$ -
2004 Refunding	2.00-5.00	10/01/04	08/01/29	24,325,000	8,530,000	15,795,000
2006 Various purpose	4.00-4.70	05/01/06	08/01/26	10,000,000	310,000	9,690,000
2007 Various purpose	4.00-4.63	10/01/07	08/01/32	17,665,000	240,000	17,425,000
2009 Refunding	1.00-2.00	08/15/09	08/01/13	744,600	-	744,600
2009 Various purpose	3.00-4.80	08/15/09	08/01/34	13,175,000	-	13,175,000
Tax/Revenue Certificates of Obligation:						
1999 Various purpose	4.00-4.30	04/01/99	08/01/99	1,500,000	1,500,000	-
2000 Hotel Occ. & Civic Center	4.50-5.50	12/15/00	08/01/30	10,500,000	1,865,000	8,635,000
2001 Various purpose	4.60-6.10	06/15/01	08/01/26	6,000,000	970,000	5,030,000
2002 Golf Course	2.70-4.50	12/01/02	08/01/12	2,000,000	1,260,000	740,000
2003 Various purpose	3.25-5.00	06/15/03	02/01/23	9,000,000	515,000	8,485,000
2004 Various purpose	2.00-4.75	10/01/04	08/01/29	6,000,000	1,455,000	4,545,000
2005 Various purpose	3.25-4.50	09/15/05	08/01/30	11,500,000	473,027	11,026,973
2007 Various purpose	4.00-5.00	10/01/07	08/01/32	24,120,000	750,000	23,370,000
2009 Various purpose	2.75-4.35	08/15/09	08/01/29	6,500,000	-	6,500,000
Total				<u>\$ 145,059,400</u>	<u>\$ 19,897,827</u>	<u>\$ 125,161,573</u>
<b>Proprietary Funds</b>						
Revenue Bonds:						
1999 Various purpose	5.00-7.00	10/15/99	08/15/19	\$ 9,000,000	\$ 9,000,000	\$ -
2001 Various purpose	4.75-5.75	06/15/01	08/15/21	8,700,000	1,500,000	7,200,000
2004 Various purpose	2.25-5.00	10/01/04	08/15/24	20,200,000	1,765,000	18,435,000
2005 Refunding	3.25-4.50	09/15/05	08/15/19	16,875,000	2,415,000	14,460,000
2007 Various purpose	4.00-5.00	10/01/07	08/15/27	21,165,000	870,000	20,295,000
General Obligation Bonds:						
1999 Refunding	3.10-4.70	04/01/99	08/01/13	9,910,200	9,910,200	-
2009 Refunding	1.00-2.00	08/15/09	08/01/13	3,635,400	-	3,635,400
Tax/Revenue Certificates of Obligation:						
1999 Various purpose	4.00-4.30	04/01/99	08/01/09	1,000,000	1,000,000	-
2005 Various purpose	3.25-4.50	09/15/05	08/01/30	9,100,000	781,973	8,318,027
2009 Various purpose	2.75-4.35	08/15/09	08/01/29	2,000,000	-	2,000,000
2006 Various purpose	4.00-4.70	05/01/06	08/01/26	8,000,000	1,245,000	6,755,000
Total				<u>\$ 109,585,600</u>	<u>\$ 28,487,173</u>	<u>\$ 81,098,427</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds**

Annual debt service requirements to maturity for General Obligation bonds are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 2,079,100	\$ 2,417,924	\$ 1,020,900	\$ 56,060
2011	2,197,300	2,369,138	987,700	45,567
2012	2,285,500	2,289,430	954,500	25,813
2013	2,392,700	2,204,170	672,300	6,723
2014	2,335,000	2,115,743	-	-
2015-2019	10,830,000	9,209,863	-	-
2020-2024	12,855,000	6,787,250	-	-
2025-2029	14,215,000	3,723,616	-	-
2030-2032	7,640,000	937,551	-	-
Total	<u>\$ 56,829,600</u>	<u>\$ 32,054,685</u>	<u>\$ 3,635,400</u>	<u>\$ 134,163</u>

**Capital Lease Payable**

In fiscal year 2008, the City entered into a capital lease, but the assets associated with the lease were not acquired until fiscal year 2009. For this reason, the City has properly recorded the capital outlay (recorded in a governmental fund) in fiscal year 2009. The value of the assets acquired amounts to \$1,083,775. Annual debt service requirements to maturity for Capital Lease Payable are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2010	\$ 209,838	\$ 30,332
2011	219,497	20,673
2012	229,602	10,569
Total	<u>\$ 658,937</u>	<u>\$ 61,574</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT (CONTINUED)**

**Revenue Bonds**

The City also issues bonds where the city pledges income derived from the acquired or constructed assets to pay debt service. Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30	Business-type Activities	
	Principal	Interest
2010	\$ 3,870,000	\$ 2,776,886
2011	3,050,000	2,626,198
2012	3,225,000	2,500,373
2013	3,655,000	2,370,173
2014	4,435,000	2,218,723
2015-2019	21,755,000	7,875,410
2020-2024	14,910,000	3,454,787
2025-2027	5,490,000	508,238
Total	<u>\$ 60,390,000</u>	<u>\$ 24,330,788</u>

**Tax and Revenue Certificates of Obligation**

Annual debt service requirements to maturity for Tax and Revenue Certificates of Obligation are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 2,426,973	\$ 3,019,626	\$ 753,027	\$ 749,045
2011	2,875,000	2,920,831	610,000	716,676
2012	2,990,000	2,801,849	635,000	694,539
2013	2,810,000	2,682,730	665,000	670,301
2014	2,940,000	2,572,169	690,000	645,701
2015-2019	14,415,000	11,116,598	3,940,000	2,780,419
2020-2024	17,325,000	7,694,330	4,890,000	1,861,750
2025-2029	16,605,000	3,866,512	4,315,000	762,576
2030-2032	5,945,000	527,981	575,000	76,725
Total	<u>\$ 68,331,973</u>	<u>\$ 37,202,626</u>	<u>\$ 17,073,027</u>	<u>\$ 8,957,732</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT (CONTINUED)**

All bonded debt requires semiannual payments of interest. The various bond ordinances provide the City with rights of redemption at par, plus accrued interest at specified future dates.

The bond indentures required the establishment and maintenance of interest and sinking funds and reserve funds in varying amounts. In addition, there are restrictions concerning the maintenance of sufficient rates charged for services to users to generate enough funds for debt service requirements, the maintenance of accounting records and insurance, as well as reporting the results of the City's operations to specified major bond holders. The City is in compliance with all significant requirements and restrictions.

During fiscal year ended 2009, the City issued \$4,380,000 in General Obligation Refunding Bonds with an average interest rate of 1.5% to refund and legally defease \$4,280,000 of General Obligation Refunding Bonds, Series 1999. The net proceeds of \$4,280,000 (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunding portion of the series bonds referred to above. It is bond counsel's opinion that the current refunding is a legal defeasance. The debt proceeds were placed in an escrow account and paid to the bondholder after the fiscal year end. As a result, the refunded portions of the bonds referred to above have been excluded from exhibit A-1 (statement of net assets) and long-term obligations of the water and sewer enterprise fund.

The City's debt service requirements are decreased by \$209,698 over a period beginning fiscal year 2009-2010 and ending with the fiscal year 2012-2013. This refunding allowed the City of Killeen to obtain an economic gain of \$169,378.

During fiscal year ended 2009, general obligation bonds totaling \$13,919,600 were issued, \$744,600 of which is included in the refunding issuance discussed directly above. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The remaining \$3,635,400 of the refunding issuance issued in 2009 is supported by the Water and Sewer enterprise fund.

The City also issued \$8,500,000 of combination tax and revenue certificates of obligation bonds during the fiscal year; \$2,000,000 of which is revenue bonds issued in the Water and Sewer enterprise fund, constituting the revenue bond portion of the \$8,500,000. The other \$6,500,000 is tax supported debt in the governmental funds.

**H. PRIOR PERIOD ADJUSTMENT**

The component unit of the City, KEDC, recorded a prior period adjustment on its annual financial statements for fiscal year 2009. According to KEDC's audited financial statements provided by KEDC, net assets increased in the amount of \$609,049 due to the net recognition of previously unrecorded discounts pertaining to notes payable and notes receivable. This change is in accordance with Accounting Principles Board Opinion No. 21.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION**

**A. RISK MANAGEMENT**

The City has insurable risks in various areas, including property, casualty, automobile, airport, surety bonding, comprehensive liability and workmen's compensation. The City has obtained insurance against risks through commercial carriers for airport liability and surety bonding. There were no related settlements in excess of insurance coverage during the past three fiscal years. All other insurance against risk is through the Texas Municipal League (TML) Intergovernmental Risk Pool, as discussed below. Management believes the amount and types of coverage are adequate to protect the City from losses which could reasonably be expected to occur.

A public entity risk pool is a cooperative group of governmental entities joining together to finance an exposure, liability or risk. The City participates in the TML Intergovernmental Risk Pool for various risk areas, wherein member cities pool risks and funds and share in the costs of losses. Claims against the City in each respective are expected to be paid by that public entity risk pool. However, in the event the public entity risk pool became insolvent, or otherwise is unable to pay claims, the City may have to pay the claims.

**B. COMMITMENTS AND CONTINGENCIES**

The City is committed under various leases for building and office space, data processing, and police equipment. These leases are considered for accounting purposes to be replaced in the ordinary course of business with similar leases. Future aggregate annual commitments are not material to the City's financial statements.

In 2003, the City of Killeen completed the process of moving airline operations from the Killeen Municipal Airport to Ft. Hood's Robert Gray Army Airfield as part of a joint use agreement with the U.S. Army. This is a regional intermodal transportation project that involved the construction of a new terminal building, aircraft parking aprons, east side parallel taxi-way, fuel and maintenance facilities, major access roadways to the terminal site, and vehicle parking facilities. The City currently has an operating lease agreement with the Department of the Army for joint-use of a tract of land containing 345 acres and exclusive use of a tract of land containing approximately 76.571 acres. The lease term is for 50 years, with an option to renew for an additional 50 years if the City is in full compliance with the terms of the lease.

In lieu of paying rent on the lease, the City is required to perform certain services related to the property, such as maintenance, protection, repairs, site restoration and improvements. Currently, no estimate is available for the annual amount of such expenditures related to satisfying the requirements of the lease.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE BENEFITS**

**EMPLOYEE PENSION PLAN**

**Plan Description**

The City provides pension benefits for all of its eligible employees, except firemen, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multi-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City are as follows:

	<u>Plan Year 2008</u>	<u>Plan Year 2009</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100%, Transfers	100%, Transfers
Annuity Increase (to retirees)	70% of CPI	0% of CPI

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE BENEFITS (CONTINUED)**

**EMPLOYEE PENSION PLAN (CONTINUED)**

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The city contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset), including the funded status as of December 31, 2008, are as follows in a three year trend format:

*Schedule of Actuarial Liabilities and Funding Progress*

Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006
Actuarial Value of Assets	\$ 52,494,308	\$ 49,517,276	\$ 44,009,771
Actuarial Accrued Liability	\$ 69,404,995	\$ 66,346,162	\$ 60,828,956
Percentage Funded	75.63%	74.64%	72.35%
Unfunded (Over funded) Actuarial			
Accrued Liability (UAAL)	\$ 16,910,687	\$ 16,828,886	\$ 16,819,185
Annual Covered Payroll	\$ 34,856,263	\$ 31,035,339	\$ 27,299,198
UAAL as a Percentage of Covered Payroll	48.52%	54.23%	61.61%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Annual Required Contribution (ARC)	\$ 4,388,259	\$ 3,795,179	\$ 3,428,543
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Subtotal	4,388,259	3,795,179	3,428,543
Contributions Made	4,388,259	3,795,179	3,428,543
Increase in NPO	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE BENEFITS (CONTINUED)**

**EMPLOYEE PENSION PLAN (CONTINUED)**

**Contributions (continued)**

The schedule of funding progress presented above is also presented as Required Supplementary Information following the notes to the financial statements and presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

The required contributions rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	<u>12/31/2008</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	24 years; closed period	25 years; closed period	25 years; open period
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Actuarial Assumptions:			
Investment Rate of Return	7.5%	7.0%	7.0%
Project Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	NA	2.1%	0.0%

**SUPPLEMENTAL DEATH BENEFITS FUND**

The city also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB; additionally, retirees are responsible for 100% of premiums paid for the benefit.

Your city offers supplemental death to:	<u>Plan Year 2008</u>	<u>Plan Year 2009</u>
Active employees	Yes	Yes
Retirees	Yes	Yes



**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE BENEFITS (CONTINUED)**

**SUPPLEMENTAL DEATH BENEFITS FUND (CONTINUED)**

**Contributions**

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution to the TMRS SDBF for the years ended 2009, 2008 and 2007 were \$93,757, \$85,454, and \$74,583, respectively, which equaled the required contributions each year.

**Schedule of Contribution Rates:**  
**(RETIREE - only portion of the rate)**

<b>Plan/Calendar Year</b>	<b>Annual Required Contribution (Rate)</b>	<b>Actual Contribution Made (Rate)</b>	<b>Percentage of ARC Contributed</b>
2007	0.05%	0.05%	100.00%
2008	0.05%	0.05%	100.00%
2009	0.04%	0.04%	100.00%

**FIREFIGHTER'S RELIEF AND RETIREMENT SYSTEM**

**Plan Description**

The Board of Trustees of the Killeen Firefighter's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan.

Both paid and volunteer firefighters in the Killeen Fire Department are covered by the Killeen Firefighter's Relief and Retirement Fund. The table below summarizes the membership of the fund at September 30, 2008, the date of the most recent actuarial valuation.

	<u>September 30, 2008</u>
1. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	53
2. Current employees	
a. Fully vested	23
b. Partially vested	26
c. Nonvested	<u>161</u>
3. Total	<u><u>263</u></u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE BENEFITS (CONTINUED)**

**FIREFIGHTER'S RELIEF AND RETIREMENT SYSTEM (CONTINUED)**

**Plan Description (continued)**

The Killeen Firefighter's Relief and Retirement Fund provides service retirement, death, disability, and withdrawal benefits for both paid and volunteer firefighters. These benefits fully vest after 20 years of credited service. Paid firefighters may retire at the earlier of age 55 with 20 years of service or age 50 with 25 years of service. A partially vested benefit is provided for paid firefighters with at least 10 years of service. Volunteer firefighters may retire at age 55 with 20 years of service. The Plan effective July 1, 2007 provides a monthly benefit for paid firefighters at retirement, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 58.4% of Highest 60-Month Average Salary plus 2.275% of Highest 60 Month Average Salary for each year of service in excess of 20 years. The monthly benefit for volunteer firefighters at retirement is equal to \$155.00 per month payable in a Joint and Two-Thirds to Spouse form of annuity.

There is no provision for automatic post retirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc post retirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

**Summary of Significant Accounting Policies and Plan Asset Matters**

The Killeen Firefighter's Relief and Retirement Fund financial statements are prepared using the accrual basis of accounting. The fund's fiscal year began October 1, 2008 and ended September 30, 2009. Employee and employer contributions are recognized as revenues in the period in which the salaries are earned. Investment income is recognized as it is earned. All unrealized gains/losses on sales of assets are recognized on the transaction date.

**Contributions Required and Contributions Made**

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each paid firefighter and by the City and as a dollar amount for volunteer firefighters by the City and/or by the volunteer firefighters.

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL), and the number of years needed to amortize the plan's UAAL is determined using a level percentage of payroll method. The costs of administering the plan are financed by the fund.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE BENEFITS (CONTINUED)**

**FIREFIGHTER'S RELIEF AND RETIREMENT SYSTEM (CONTINUED)**

**Contributions Required and Contributions Made (continued)**

The funding policy of the Killeen Firefighter's Relief and Retirement Fund currently requires contributions equal to 10% of pay by the paid firefighters and 13% of payroll by the City. Contributions by the City of \$102 per year per volunteer and \$16,010 per year for all active and retired volunteers are also required.

For the fiscal year ending September 30, 2009, the City of Killeen's Annual Pension Cost (APC) was \$1,327,293 for the Killeen Firefighter's Relief and Retirement Fund. Based on the results of the September 30, 2008 actuarial valuation of the Plan effective July 1, 2007, the Board's actuary found that the fund has an adequate contribution arrangement based on the current level of the firefighter and City of Killeen contribution rates as discussed above. The schedules of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements in the required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

The annual required contributions (ARC) by the city for the fiscal year ending September 30, 2007 were based on the results of the September 30, 2008 actuarial valuation and were determined in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 27 parameters. The entry age actuarial cost method was used, with the normal cost calculated as a level percentage of payroll.

The actuarial value of assets was determined based on the market value with assets smoothed with a five-year deferred recognition method, with the actuarial value not more than 120% or less than 80% of the market value of assets. The actuarial assumptions included an investment return assumption of 8% per year (net of expenses), projected salary increases of 4% per year as a general salary increase, with annual promotion and longevity ranging from 0% to 7%, and no postretirement cost-of-living adjustments. An inflation assumption of 4% per year is included in the investment return and salary increase assumptions. The unfunded actuarial accrued liability (UAAL) is amortized with the excess of the total contribution rate over the normal cost rate. The number of years needed to amortize the UAAL is determined using an open, level percentage of payroll method, assuming that the payroll will increase 4% per year. The number of years needed to amortize the UAAL was determined to be 23 years as of the September 30, 2008 actuarial valuation based on the plan provisions effective July 1, 2007 and reflecting assumed city contributions of 13% of pay for paid firefighters, \$102 per year per active volunteer firefighter, and \$16,010 per year for all active and retired volunteer firefighters. The following is a schedule of the funding progress for the Firefighter's Relief and Retirement fund for the three most recent actuarial valuations that presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. This information is also included in the required supplementary information immediately following the notes.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE BENEFITS (CONTINUED)**

**FIREFIGHTER'S RELIEF AND RETIREMENT SYSTEM (CONTINUED)**

**Contributions Required and Contributions Made (continued)**

**Schedule of Funding Progress**

Actuarial Valuation Date		Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll <sup>1</sup>	UAAL as a Percentage of Covered Payroll
9/30/2004	2,3	\$ 13,458,288	\$ 22,964,558	58.6%	\$ 9,506,270	\$ 5,473,090	173.7%
9/30/2006	2,3	15,842,065	26,998,706	58.7%	11,156,641	8,245,812	135.3%
9/30/2008	2,4	20,223,436	31,663,825	63.9%	11,440,389	9,534,549	120.0%

The covered payroll is based on estimated annualized salaries used in the valuation.

Economic and demographic assumptions were revised.

**D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Effective for fiscal year 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)" prospectively (no beginning Net OPEB Obligation).

**Program Description**

In addition to the pension benefits described in Note V. D., as required by state law and defined by City Policy, the City makes available health care benefits to all employees who retire from the City and who are receiving benefits from a City sponsored retirement program (Texas Municipal Retirement System and Firefighter's Relief and Retirement) through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance or until age 65 if eligible for Medicare to eligible retirees, their spouses and dependents through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established by management.

Current retirees in the health plan at retirement are eligible to remain in the health plan at the total blended contribution rate for active and retiree participants.

**Funding Policy**

Current retirees contribute to the health plan 100% of the total blended premium for active and retired participants. Retiree contributions rates for fiscal year 2009 were \$3,420 to \$11,072 per year depending on coverage levels selected.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Funding Policy (continued)**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual OPEB cost	\$ 414,614
Contributions Made	-
Increase in net OPEB	<u>414,614</u>
Net OPEB Obligation, beginning of year	-
Net OPEB Obligation, end of year	<u><u>\$ 414,614</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 are as follows:

Fiscal Year Ended	Net OPEB Obligation 9/30/08	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation 9/30/09	Annual OPEB Cost Contributed
2009	\$ -	\$ 414,614	\$ -	\$ 414,614	0.00%

The funded status of the plan as of September 30, 2009 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2009	\$ -	\$ 3,227,494	0.00%	\$ 3,227,494	N/A	N/A

The actuarial accrued liability of \$3,227,494 includes \$1,794,809 for active employees and \$1,432,685 for retirees.

**Actuarial Valuations**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2009**

**V. OTHER INFORMATION (CONTINUED)**

**D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Valuations (continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 4.5% investment rate of return (compounded annually net after investment expenses) and an annual healthcare cost trend rate of 9.5% initially, reduced by decrements to an ultimate rate of 4.5% after 10 years. The City's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over a 30 year closed period. The actuarial assumptions presented here are as follows in chart form:

	<b>OPEB</b>
Actuarial valuation date	December 31, 2008
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent - of - Payroll
Remaining amortization period	30 years
Assumed rate of return on investments	4.50%
Health care cost trend rate	9.50% initially, reduced by decrements to an ultimate rate of 4.50% after 10 years

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## **REQUIRED SUPPLEMENTARY INFORMATION**



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**CITY OF KILLEEN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2009**

**TEXAS MUNICIPAL RETIREMENT SYSTEM:****Schedule of Funding Progress****(unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2006	\$ 44,009,771	\$ 60,828,956	72.4%	\$ 16,819,185	\$ 27,299,198	61.6%
12/31/2007	49,517,276	66,346,162	74.6%	16,828,886	31,035,339	54.2%
12/31/2008	52,494,308	69,404,995	75.6%	16,910,687	34,856,263	48.5%

**FIREFIGHTER'S RELIEF AND RETIREMENT FUND:****Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll <sup>1</sup>	UAAL as a Percentage of Covered Payroll
9/30/2004	<sup>2,3</sup> \$ 13,458,288	\$ 22,964,558	58.6%	\$ 9,506,270	\$ 5,473,090	173.7%
9/30/2006	<sup>2,3</sup> 15,842,065	26,998,706	58.7%	11,156,641	8,245,812	135.3%
9/30/2008	<sup>2,4</sup> 20,223,436	31,663,825	63.9%	11,440,389	9,534,549	120.0%

The covered payroll is based on estimated annualized salaries used in the valuation.

Economic and demographic assumptions were revised.

Reflects plan benefit provisions effective April 1, 1999 and amended October 1, 1999.

Reflects plan benefit provisions effective July 1, 2007.

**CITY OF KILLEEN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2009**

**FIREFIGHTER'S RELIEF AND RETIREMENT FUND (CONTINUED):****Schedule of Employer Contributions**

Reporting Year Ended September 30	Annual Required Contribution (ARC)	Actual Contribution	Percentage of Required Contribution Contributed <sup>3</sup>
2003	464,924 <sup>2</sup>	464,516	100%
2004	534,800 <sup>2</sup>	534,800	100%
2005	618,412 <sup>1</sup>	618,412	100%
2006	861,208 <sup>1</sup>	861,208	100%
2007	1,015,040 <sup>1</sup>	998,010	98%
2008	1,237,149 <sup>1</sup>	1,254,330	101%
2009	1,327,293 <sup>1</sup>	1,327,293	100%

- <sup>1</sup> The annual required contributions (ARC) is equal to the actual city contributions equal to the budgeted contribution rate times the actual covered payroll for paid firefighters plus \$16,010 for volunteer firefighters plus \$102 per active volunteer firefighter.
- <sup>2</sup> The ARC is equal to 11.25% of actual covered payroll plus \$16,010 plus \$102 per volunteer firefighter.
- <sup>3</sup> The percentage of the ARC contributed should be determine by dividing the actual contribution by the ARC.

**Notes to Required Supplementary Information**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	September 30, 2008
Actuarial cost method	Entry Age
Amortization method	Level percentage of projected payroll, open
Amotization period	23 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with a 80% / 120% corridor on market

**Actuarial assumptions:**

- Investment rate of return, net of expenses	8.00% per year
- Inflation	4.00% per year
- Projected salary increases	
- general salary increse	4.00% per year
- promotion and longevity increase	0% to 7% per year
- total increase	4.00% to 11.28% per year
- Payroll growth rate	4.00% per year
- Postretirement cost-of-living adjustments	None

**CITY OF KILLEEN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2009**

**OTHER POST EMPLOYMENT BENEFITS:****Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
9/30/2009	\$ -	\$ 3,227,494	0.00%	\$ 3,227,494	N/A	N/A

The actuarial information presented is determined by an actuarial valuation and is the amount that results from applying various assumptions with regard to future employment, mortality, and the healthcare cost trend.

Note: This is the first year of implementation of GASB 45, which requires 3 years of data in this table. Additional years will be added to the disclosure as they become available. The most recent actuarial valuation was December 31, 2008.

**CITY OF KILLEEN, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 45,166,024	\$ 46,693,672	\$ 45,000,290	\$ 165,734
Licenses and permits	1,100,819	1,387,680	1,034,200	66,619
Intergovernmental	836,626	682,259	710,259	126,367
Charges for services	5,037,560	5,304,361	4,814,881	222,679
Fines	2,555,771	2,099,319	2,480,845	74,926
Miscellaneous	1,009,977	1,957,500	874,174	135,803
Total revenues	<u>55,706,777</u>	<u>58,124,791</u>	<u>54,914,649</u>	<u>792,128</u>
<b>EXPENDITURES</b>				
General government	13,061,828	15,636,087	15,091,661	2,029,833
Public safety	37,309,545	37,861,141	36,710,030	(599,515)
Public works	4,650,430	5,074,646	4,828,292	177,862
Community services	7,493,635	8,737,432	8,373,142	879,507
Total expenditures	<u>62,515,438</u>	<u>67,309,306</u>	<u>65,003,125</u>	<u>2,487,687</u>
Deficiency of revenues under expenditures	(6,808,661)	(9,184,515)	(10,088,476)	3,279,815
<b>OTHER FINANCING SOURCES (USES)</b>				
Contributions - other	312,688	-	-	312,688
Transfers in	5,425,346	5,404,037	5,404,037	21,309
Transfers out	<u>(15,226)</u>	<u>(56,499)</u>	<u>(56,499)</u>	<u>41,273</u>
Total other financing sources	<u>5,722,808</u>	<u>5,347,538</u>	<u>5,347,538</u>	<u>375,270</u>
Net change in fund balance	(1,085,853)	<u>\$ (3,836,977)</u>	<u>\$ (4,740,938)</u>	<u>\$ 3,655,085</u>
Fund balance, October 1	24,111,930			
Current year encumbrances	692,172			
Prior year encumbrances	<u>(754,278)</u>			
Adjusted fund balance	<u>24,049,824</u>			
Fund balance, September 30	<u>\$ 22,963,971</u>			

**COMBINING STATEMENTS**  
**NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF KILLEEN, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,528,649	\$ 8,374,913	\$ 24,538,019	\$ 37,441,581
Receivables (net of allowances for uncollectibles):				
Grants	117,258	-	-	117,258
Taxes	-	151,317	-	151,317
Accounts	17,868	-	-	17,868
Inventories	4,861	-	-	4,861
Restricted assets:				
Cash and cash equivalents	23,765	-	-	23,765
Total assets	<u>\$ 4,692,401</u>	<u>\$ 8,526,230</u>	<u>\$ 24,538,019</u>	<u>\$ 37,756,650</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 484,922	\$ -	\$ 1,502,397	\$ 1,987,319
Due to other governments	12,376	-	-	12,376
Due to other funds	403	52,436	-	52,839
Due to others	-	4,280,000	-	4,280,000
Deferred revenue	127,659	151,317	-	278,976
Total liabilities	<u>625,360</u>	<u>4,483,753</u>	<u>1,502,397</u>	<u>6,611,510</u>
Fund Balances:				
Reserved:				
Encumbrances	116,078	-	-	116,078
Inventories	4,861	-	-	4,861
Debt service	-	4,042,477	-	4,042,477
Capital projects	-	-	23,035,622	23,035,622
Unreserved:				
Designated	1,972	-	-	1,972
Undesignated	3,944,130	-	-	3,944,130
Total fund balances	<u>4,067,041</u>	<u>4,042,477</u>	<u>23,035,622</u>	<u>31,145,140</u>
Total liabilities and fund balances	<u>\$ 4,692,401</u>	<u>\$ 8,526,230</u>	<u>\$ 24,538,019</u>	<u>\$ 37,756,650</u>

**CITY OF KILLEEN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>				
Taxes	\$ 1,952,178	\$ 8,317,568	\$ -	\$ 10,269,746
Intergovernmental	1,580,097	-	-	1,580,097
Charges for services	436,580	-	-	436,580
Fines	1,437,738	-	-	1,437,738
Miscellaneous	349,904	151,074	91,585	592,563
Total revenues	<u>5,756,497</u>	<u>8,468,642</u>	<u>91,585</u>	<u>14,316,724</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,823,239	-	-	1,823,239
Public safety	245,884	-	-	245,884
Community services	1,763,647	-	-	1,763,647
Miscellaneous	22,659	-	-	22,659
Capital outlay	147,854	-	10,697,438	10,845,292
Debt service:				
Principal	-	4,804,670	-	4,804,670
Interest	-	4,898,566	-	4,898,566
Fiscal charges	-	18,924	-	18,924
Total expenditures	<u>4,003,283</u>	<u>9,722,160</u>	<u>10,697,438</u>	<u>24,422,881</u>
Excess (deficiency) of revenues over expenditures	<u>1,753,214</u>	<u>(1,253,518)</u>	<u>(10,605,853)</u>	<u>(10,106,157)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	-	19,675,000	19,675,000
Refunding bonds issued	-	744,600	-	744,600
Costs of issuance	-	(8,925)	(73,900)	(82,825)
Contributions	1,972	-	151,225	153,197
Refund to bond escrow agent	-	(727,601)	-	(727,601)
Transfers in	15,226	6,165,898	1,785,733	7,966,857
Transfers out	(781,309)	(4,897,149)	(1,331)	(5,679,789)
Total other financing sources (uses)	<u>(764,111)</u>	<u>1,276,823</u>	<u>21,536,727</u>	<u>22,049,439</u>
Net changes in fund balances	989,103	23,305	10,930,874	11,943,282
Fund balances as restated, October 1	<u>3,077,938</u>	<u>4,019,172</u>	<u>12,104,748</u>	<u>19,201,858</u>
Fund balances, September 30	<u>\$ 4,067,041</u>	<u>\$ 4,042,477</u>	<u>\$23,035,622</u>	<u>\$ 31,145,140</u>



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## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific resources that are legally restricted to expenditure for particular purposes.

**Law Enforcement Grant Fund:** To account for the operation of projects utilizing Law Enforcement Block Grant Funds. These projects are for the purpose of reducing crime and improving the public safety.

**State Seizure Fund:** To account for the revenues and expenditures restricted to the Chapter 429 Fund and state seizure requirements.

**Federal Seizure Fund:** To account for revenues and expenditures that are restricted by federal seizure requirements.

**Emergency Management:** To account for revenues and expenditures restricted for the management of emergency situations.

**Hotel Occupancy Tax Fund:** To account for the levy and utilization of the hotel occupancy tax. State law required that revenues from this tax be used for advertising and promotion of the City. This fund is also used to account for the revenues and expenditures of the Killeen Civic and Conference Center.

**Special Events Center Fund:** To account for the funds to be used for the construction and operation of the Special Events Center.

**Cablesystem Improvements Fund:** To Account for resources contributed to the City, the use of which is restricted to the acquisition of appropriate equipment and other expenditure items for the benefit of the cable franchise system.

**Library Memorial Fund:** To account for revenues that are restricted for use to the Public Library.

**Parks Fund:** To account for funds to be used for the development and improvement of City park land.

**Community Development Fund:** To account for the operations of projects utilizing Community Development Block Grant funds. Such revenues are restricted to expenditures for specified projects authorized by the Department of Housing and Urban Development.

**CDBG Home Program Fund:** To account for program funds received from the Department of Housing and Urban Development. These programs are restricted to expenditures authorized by the Department of Housing and Urban Development.

**Lion's Club Park Fund:** To account for resources contributed to the City and received from the Texas Parks and Wildlife Department, restricted to the development of a public park.

**Court Technology Fund:** To account for technology related expenditures of the Municipal Court from technology fees collected as enacted by the Texas Legislature.

**Court Security Fund:** To account for Municipal Court security related expenditures from security fees collected as enacted by the Texas Legislature.

**Juvenile Case Manager Fund:** To account for fees assessed and collected from defendants upon conviction of a fine-only misdemeanor offense. Funds are used to finance the salary and benefits of the Juvenile Case Manager appointed to assist in administering the Municipal Court juvenile docket and supervising the Court's order in juvenile court.

**Photo Red Light Enforcement:** To account for fees received from the photo red light ticket violation enforcement program and applicable authorized expenditures.

**CITY OF KILLEEN, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2009**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management
<b>ASSETS</b>				
Cash and cash equivalents	\$ 156,582	\$ 247,716	\$ 12,977	\$ 53,505
Receivables (net of allowances for uncollectibles):				
Grants	-	-	-	19,545
Accounts	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 156,582</u>	<u>\$ 247,716</u>	<u>\$ 12,977</u>	<u>\$ 73,050</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 28,668	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	12,376	-	-	-
Deferred revenue	110,135	-	-	-
Total liabilities	<u>151,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved:				
Encumbrances	5,403	-	-	-
Inventories	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated	-	247,716	12,977	73,050
Total fund balances	<u>5,403</u>	<u>247,716</u>	<u>12,977</u>	<u>73,050</u>
Total liabilities and fund balances	<u>\$ 156,582</u>	<u>\$ 247,716</u>	<u>\$ 12,977</u>	<u>\$ 73,050</u>

**EXHIBIT C-3**

Hotel Occupancy Tax	Special Events Center	Cablesystem Improvements	Library Memorial	Parks
\$ 1,473,466	\$ 94,970	\$ 370,730	\$ 14,749	\$ 12,403
-	-	-	-	-
344	-	-	-	-
4,861	-	-	-	-
23,765	-	-	-	-
<u>\$ 1,502,436</u>	<u>\$ 94,970</u>	<u>\$ 370,730</u>	<u>\$ 14,749</u>	<u>\$ 12,403</u>
\$ 97,794	\$ 16,914	\$ 18,179	\$ 418	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>97,794</u>	<u>16,914</u>	<u>18,179</u>	<u>418</u>	<u>-</u>
105,192	-	5,483	-	-
4,861	-	-	-	-
-	-	-	-	-
<u>1,294,589</u>	<u>78,056</u>	<u>347,068</u>	<u>14,331</u>	<u>12,403</u>
<u>1,404,642</u>	<u>78,056</u>	<u>352,551</u>	<u>14,331</u>	<u>12,403</u>
<u>\$ 1,502,436</u>	<u>\$ 94,970</u>	<u>\$ 370,730</u>	<u>\$ 14,749</u>	<u>\$ 12,403</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2009**

	Community Development	CDBG Home Program	Lion's Club Park	Court Technology
<b>ASSETS</b>				
Cash and cash equivalents	\$ 238,985	\$ 4,833	\$ 1,356	\$ 327,171
Receivables (net of allowances for uncollectibles):				
Grants	53,154	44,559	-	-
Accounts	-	-	-	2,030
Inventories	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 292,139</u>	<u>\$ 49,392</u>	<u>\$ 1,356</u>	<u>\$ 329,201</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 285,118	\$ 37,831	\$ -	\$ -
Due to other funds	-	403	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	2,030
Total liabilities	<u>285,118</u>	<u>38,234</u>	<u>-</u>	<u>2,030</u>
Fund Balances:				
Reserved:				
Encumbrances	-	-	-	-
Inventories	-	-	-	-
Unreserved:				
Designated	1,972	-	-	-
Undesignated	5,049	11,158	1,356	327,171
Total fund balances	<u>7,021</u>	<u>11,158</u>	<u>1,356</u>	<u>327,171</u>
Total liabilities and fund balances	<u>\$ 292,139</u>	<u>\$ 49,392</u>	<u>\$ 1,356</u>	<u>\$ 329,201</u>

**EXHIBIT C-3 (CONT'D)**

<u>Court Security</u>	<u>Juvenile Case Manager</u>	<u>Photo Red Light Enforcement</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-1)</u>
\$ 66,119	\$ 181,599	\$ 1,271,488	\$ 4,528,649
-	-	-	117,258
4,011	11,483	-	17,868
-	-	-	4,861
-	-	-	23,765
<u>\$ 70,130</u>	<u>\$ 193,082</u>	<u>\$ 1,271,488</u>	<u>\$ 4,692,401</u>
\$ -	\$ -	\$ -	\$ 484,922
-	-	-	403
-	-	-	12,376
<u>4,011</u>	<u>11,483</u>	<u>-</u>	<u>127,659</u>
<u>4,011</u>	<u>11,483</u>	<u>-</u>	<u>625,360</u>
-	-	-	116,078
-	-	-	4,861
-	-	-	1,972
<u>66,119</u>	<u>181,599</u>	<u>1,271,488</u>	<u>3,944,130</u>
<u>66,119</u>	<u>181,599</u>	<u>1,271,488</u>	<u>4,067,041</u>
<u>\$ 70,130</u>	<u>\$ 193,082</u>	<u>\$ 1,271,488</u>	<u>\$ 4,692,401</u>

**CITY OF KILLEEN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	31,337	69,310	-	105,604
Charges for services	-	-	-	-
Fines	-	-	-	-
Miscellaneous	-	1,949	97	101
Total revenues	<u>31,337</u>	<u>71,259</u>	<u>97</u>	<u>105,705</u>
<b>EXPENDITURES</b>				
Current:				
General government	300	5,369	-	25,170
Public safety	-	-	-	-
Community services	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	<u>28,837</u>	<u>10,500</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>29,137</u>	<u>15,869</u>	<u>-</u>	<u>25,170</u>
Excess (deficiency) of revenues over expenditures	<u>2,200</u>	<u>55,390</u>	<u>97</u>	<u>80,535</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(21,309)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,309)</u>
Net changes in fund balances	2,200	55,390	97	59,226
Fund balances, October 1	<u>3,203</u>	<u>192,326</u>	<u>12,880</u>	<u>13,824</u>
Fund balances, September 30	<u>\$ 5,403</u>	<u>\$ 247,716</u>	<u>\$ 12,977</u>	<u>\$ 73,050</u>

**EXHIBIT C-4**

Hotel Occupancy Tax	Special Events Center	Cablesystem Improvements	Library Memorial	Parks
\$ 1,725,955	\$ -	\$ 226,223	\$ -	\$ -
3,000	-	-	14,160	-
436,580	-	-	-	-
-	-	-	-	-
283,571	812	1,523	14,922	60
<u>2,449,106</u>	<u>812</u>	<u>227,746</u>	<u>29,082</u>	<u>60</u>
1,732,547	-	-	-	-
-	-	-	-	-
216,269	-	130,339	12,011	-
22,579	-	-	-	80
62,540	-	29,584	16,151	-
<u>2,033,935</u>	<u>-</u>	<u>159,923</u>	<u>28,162</u>	<u>80</u>
415,171	812	67,823	920	(20)
-	-	-	-	-
-	-	-	-	-
(760,000)	-	-	-	-
<u>(760,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(344,829)	812	67,823	920	(20)
1,749,471	77,244	284,728	13,411	12,423
<u>\$ 1,404,642</u>	<u>\$ 78,056</u>	<u>\$ 352,551</u>	<u>\$ 14,331</u>	<u>\$ 12,403</u>

(CONTINUED)



**CITY OF KILLEEN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Community Development	CDBG Home Program	Lion's Club Park	Court Technology
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	798,595	558,091	-	-
Charges for services	-	-	-	-
Fines	-	-	-	65,650
Miscellaneous	9,486	37,375	8	-
Total revenues	<u>808,081</u>	<u>595,466</u>	<u>8</u>	<u>65,650</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	802,790	602,238	-	-
Miscellaneous	-	-	-	-
Capital outlay	242	-	-	-
Total expenditures	<u>803,032</u>	<u>602,238</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,049</u>	<u>(6,772)</u>	<u>8</u>	<u>65,650</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Contributions	1,972	-	-	-
Transfers in	-	15,226	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,972</u>	<u>15,226</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	7,021	8,454	8	65,650
Fund balances, October 1	<u>-</u>	<u>2,704</u>	<u>1,348</u>	<u>261,521</u>
Fund balances, September 30	<u>\$ 7,021</u>	<u>\$ 11,158</u>	<u>\$ 1,356</u>	<u>\$ 327,171</u>

**EXHIBIT C-4 (CONT'D)**

<u>Court Security</u>	<u>Juvenile Case Manager</u>	<u>Photo Red Light Enforcement</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-2)</u>
\$ -	\$ -	\$ -	\$ 1,952,178
-	-	-	1,580,097
-	-	-	436,580
49,280	78,953	1,243,855	1,437,738
-	-	-	349,904
<u>49,280</u>	<u>78,953</u>	<u>1,243,855</u>	<u>5,756,497</u>
27,403	32,450	-	1,823,239
-	-	245,884	245,884
-	-	-	1,763,647
-	-	-	22,659
-	-	-	147,854
<u>27,403</u>	<u>32,450</u>	<u>245,884</u>	<u>4,003,283</u>
<u>21,877</u>	<u>46,503</u>	<u>997,971</u>	<u>1,753,214</u>
-	-	-	1,972
-	-	-	15,226
-	-	-	(781,309)
-	-	-	(764,111)
21,877	46,503	997,971	989,103
<u>44,242</u>	<u>135,096</u>	<u>273,517</u>	<u>3,077,938</u>
<u>\$ 66,119</u>	<u>\$ 181,599</u>	<u>\$ 1,271,488</u>	<u>\$ 4,067,041</u>

**CITY OF KILLEEN, TEXAS**  
**LAW ENFORCEMENT GRANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 31,337	\$ 81,067	\$ 106,766	\$ (75,429)
Total revenues	31,337	81,067	106,766	(75,429)
<b>EXPENDITURES</b>				
Current:				
General government	300	2,000	2,000	1,700
Capital outlay	31,037	79,067	104,766	73,729
Total expenditures	31,337	81,067	106,766	75,429
Net change in fund balance	-	\$ -	\$ -	\$ -
Fund balance, October 1	3,203			
Current year encumbrances	5,403			
Prior year encumbrances	(3,203)			
Adjusted fund balance	5,403			
Fund balance, September 30	\$ 5,403			

**CITY OF KILLEEN, TEXAS**  
**STATE SEIZURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 69,310	\$ 40,000	\$ 40,000	\$ 29,310
Miscellaneous	1,949	15,000	15,000	(13,051)
Total revenues	<u>71,259</u>	<u>55,000</u>	<u>55,000</u>	<u>16,259</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,369	-	16,000	10,631
Capital outlay	10,500	50,000	50,000	39,500
Total expenditures	<u>15,869</u>	<u>50,000</u>	<u>66,000</u>	<u>50,131</u>
Net change in fund balance	55,390	<u>\$ 5,000</u>	<u>\$ (11,000)</u>	<u>\$ 66,390</u>
Fund balance, October 1	<u>192,326</u>			
Fund balance, September 30	<u>\$ 247,716</u>			

**CITY OF KILLEEN, TEXAS  
FEDERAL SEIZURE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 20,000	\$ 20,000	\$ (20,000)
Miscellaneous	97	1,500	1,500	(1,403)
Total revenues	97	21,500	21,500	(21,403)
<b>EXPENDITURES</b>				
Capital outlay	-	20,000	20,000	20,000
Total expenditures	-	20,000	20,000	20,000
Net change in fund balance	97	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ (1,403)</u>
Fund balance, October 1	<u>12,880</u>			
Fund balance, September 30	<u><u>\$ 12,977</u></u>			

**CITY OF KILLEEN, TEXAS**  
**EMERGENCY MANAGEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental revenue	\$ 105,604	\$ -	\$ -	\$ 105,604
Miscellaneous	101	500	500	(399)
Total revenues	105,705	500	500	105,205
<b>EXPENDITURES</b>				
General government	25,170	11,253	11,253	(13,917)
Total expenditures	25,170	11,253	11,253	(13,917)
Excess of revenues over expenditures	80,535	(10,753)	(10,753)	91,288
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(21,309)	-	-	(21,309)
Total other financing sources (uses)	(21,309)	-	-	(21,309)
Net change in fund balance	59,226	\$ (10,753)	\$ (10,753)	\$ 69,979
Fund balance, October 1	13,824			
Fund balance, September 30	\$ 73,050			

**CITY OF KILLEEN, TEXAS**  
**HOTEL OCCUPANCY TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 1,725,955	\$ 1,800,000	\$ 1,800,000	\$ (74,045)
Intergovernmental	3,000	8,500	11,500	(8,500)
Charges for services	436,580	500,000	500,000	(63,420)
Miscellaneous	283,571	46,500	48,000	235,571
Total revenues	<u>2,449,106</u>	<u>2,355,000</u>	<u>2,359,500</u>	<u>89,606</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,757,473	1,632,381	1,619,526	(137,947)
Community services	204,266	228,250	231,250	26,984
Miscellaneous	22,579	35,955	40,635	18,056
Capital outlay	62,540	122,310	131,985	69,445
Total expenditures	<u>2,046,858</u>	<u>2,018,896</u>	<u>2,023,396</u>	<u>(23,462)</u>
Excess of revenues over expenditures	<u>402,248</u>	<u>336,104</u>	<u>336,104</u>	<u>66,144</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(760,000)	(760,000)	(760,000)	-
Total other financing sources (uses)	<u>(760,000)</u>	<u>(760,000)</u>	<u>(760,000)</u>	<u>-</u>
Net change in fund balance	(357,752)	<u>\$ (423,896)</u>	<u>\$ (423,896)</u>	<u>\$ 66,144</u>
Fund balance, October 1	1,749,471			
Current year encumbrances	105,192			
Prior year encumbrances	<u>(92,269)</u>			
Adjusted fund balance	<u>1,762,394</u>			
Fund balance, September 30	<u>\$ 1,404,642</u>			

**CITY OF KILLEEN, TEXAS**  
**SPECIAL EVENTS CENTER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Miscellaneous	\$ 812	\$ 2,000	\$ 2,000	\$ (1,188)
Total revenues	812	2,000	2,000	(1,188)
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Net change in fund balance	812	\$ 2,000	\$ 2,000	\$ (1,188)
Fund balance, October 1	77,244			
Fund balance, September 30	\$ 78,056			



**CITY OF KILLEEN, TEXAS**  
**CABLESYSTEM IMPROVEMENTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 226,223	\$ 210,000	\$ 210,000	\$ 16,223
Miscellaneous	1,523	5,200	5,200	(3,677)
Total revenues	<u>227,746</u>	<u>215,200</u>	<u>215,200</u>	<u>12,546</u>
<b>EXPENDITURES</b>				
Current:				
Community services	130,339	134,042	189,219	58,880
Capital outlay	34,423	36,000	64,500	30,077
Total expenditures	<u>164,762</u>	<u>170,042</u>	<u>253,719</u>	<u>88,957</u>
Net change in fund balance	62,984	<u>\$ 45,158</u>	<u>\$ (38,519)</u>	<u>\$ 101,503</u>
Fund balance, October 1	284,728			
Current year encumbrances	5,483			
Prior year encumbrances	<u>(644)</u>			
Adjusted fund balance	<u>289,567</u>			
Fund balance, September 30	<u>\$ 352,551</u>			

**CITY OF KILLEEN, TEXAS  
LIBRARY MEMORIAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 14,160	\$ -	\$ 14,160	\$ -
Miscellaneous	14,922	9,000	9,000	5,922
Total revenues	<u>29,082</u>	<u>9,000</u>	<u>23,160</u>	<u>5,922</u>
<b>EXPENDITURES</b>				
Current:				
Community services	12,011	-	8,003	(4,008)
Capital outlay	13,049	14,042	20,199	7,150
Total expenditures	<u>25,060</u>	<u>14,042</u>	<u>28,202</u>	<u>3,142</u>
Net change in fund balance	4,022	<u>\$ (5,042)</u>	<u>\$ (5,042)</u>	<u>\$ 9,064</u>
Fund balance, October 1	13,411			
Prior year encumbrances	<u>(3,102)</u>			
Adjusted fund balance	<u>10,309</u>			
Fund balance, September 30	<u>\$ 14,331</u>			

**CITY OF KILLEEN, TEXAS**  
**COMMUNITY DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 798,595	\$ 1,490,499	\$ 1,490,499	\$ (691,904)
Miscellaneous	9,486	10,000	10,000	(514)
Total revenues	808,081	1,500,499	1,500,499	(692,418)
<b>EXPENDITURES</b>				
Current:				
Community Services	802,790	1,497,663	1,254,926	452,136
Capital outlay	242	2,836	2,836	2,594
Total expenditures	803,032	1,500,499	1,257,762	454,730
Excess of revenues over expenditures	5,049	-	242,737	(237,688)
<b>OTHER FINANCING SOURCES</b>				
Contributions	1,972	-	-	1,972
Total other financing sources	1,972	-	-	1,972
Net change in fund balance	7,021	\$ -	\$ 242,737	\$ (235,716)
Fund balance, October 1	-			
Fund balance, September 30	\$ 7,021			

**CITY OF KILLEEN, TEXAS**  
**CDBG HOME PROGRAM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 558,091	\$ 1,489,480	\$ 1,489,480	\$ (931,389)
Miscellaneous	37,375	37,375	36,607	768
Total revenues	595,466	1,526,855	1,526,087	(930,621)
<b>EXPENDITURES</b>				
Community services	599,534	1,582,586	1,525,557	926,023
Total expenditures	599,534	1,582,586	1,525,557	926,023
Deficiency of revenues under expenditures	(4,068)	(55,731)	530	(4,598)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	15,226	56,499	56,499	(41,273)
Total other financing sources	15,226	56,499	56,499	(41,273)
Net change in fund balance	11,158	<u>\$ 768</u>	<u>\$ 57,029</u>	<u>\$ (45,871)</u>
Fund balance, October 1	2,704			
Prior year encumbrances	(2,704)			
Adjusted fund balance	-			
Fund balance, September 30	<u>\$ 11,158</u>			

**CITY OF KILLEEN, TEXAS  
COURT TECHNOLOGY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Fines	\$ 65,650	\$ 165,000	\$ 165,000	\$ (99,350)
Total revenues	65,650	165,000	165,000	(99,350)
<b>EXPENDITURES</b>				
Miscellaneous	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	65,650	\$ 165,000	\$ 165,000	\$ (99,350)
Fund balance, October 1	261,521			
Fund balance, September 30	\$ 327,171			

**CITY OF KILLEEN, TEXAS**  
**COURT SECURITY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Fines	\$ 49,280	\$ 50,000	\$ 50,000	\$ (720)
Total revenues	49,280	50,000	50,000	(720)
<b>EXPENDITURES</b>				
General government	27,403	62,500	62,500	35,097
Total expenditures	27,403	62,500	62,500	35,097
Net change in fund balance	21,877	\$ (12,500)	\$ (12,500)	\$ 34,377
Fund balance, October 1	44,242			
Fund balance, September 30	\$ 66,119			

**CITY OF KILLEEN, TEXAS**  
**JUVENILE CASE MANAGER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Fines	\$ 78,953	\$ 78,000	\$ 78,000	\$ 953
Total revenues	78,953	78,000	78,000	953
<b>EXPENDITURES</b>				
General government	32,450	32,451	32,451	1
Total expenditures	32,450	32,451	32,451	1
Net change in fund balance	46,503	\$ 45,549	\$ 45,549	\$ 954
Fund balance, October 1	135,096			
Fund balance, September 30	\$ 181,599			

**CITY OF KILLEEN, TEXAS**  
**PHOTO RED LIGHT ENFORCEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 1,243,855	\$ 3,394,440	\$ 3,394,440	\$ (2,150,585)
Total revenues	<u>1,243,855</u>	<u>3,394,440</u>	<u>3,394,440</u>	<u>(2,150,585)</u>
<b>EXPENDITURES</b>				
Public safety	245,884	1,759,356	1,217,356	971,472
Total expenditures	<u>245,884</u>	<u>1,759,356</u>	<u>1,217,356</u>	<u>971,472</u>
Net change in fund balance	997,971	<u>\$ 1,635,084</u>	<u>\$ 2,177,084</u>	<u>\$ (1,179,113)</u>
Fund balance, October 1	<u>273,517</u>			
Fund balance, September 30	<u><u>\$ 1,271,488</u></u>			



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## **DEBT SERVICE FUNDS**

The Debt Service Fund is used to account for the accumulation of resources and payment of general, certificate, and contractual obligation bond principal and interest from government resources.

- ❖ Certificates of Obligation 2000
- ❖ Tax Interest and Sinking 1999
- ❖ Refunding Bond 1999
- ❖ Certificates of Obligation 2001
- ❖ Tax Interest and Sinking 2002
- ❖ Tax Interest and Sinking 2003
- ❖ Tax Interest and Sinking 2004
- ❖ General Obligation Interest and Sinking 2004
- ❖ Tax Interest and Sinking 2005
- ❖ Tax Interest and Sinking 2006
- ❖ General Obligation 2007
- ❖ Certificates of Obligation 2007
- ❖ General Obligation 2009
- ❖ Certificates of Obligation 2009
- ❖ Refunding Bond 2009

**CITY OF KILLEEN, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
SEPTEMBER 30, 2009**

	Certificates of Obligation 2000	Tax Interest and Sinking 1999	Refunding Bond 1999	Certificates of Obligation 2001	Tax Interest and Sinking 2002	Tax Interest and Sinking 2003	Tax Interest and Sinking 2004
<b>ASSETS</b>							
Cash and cash equivalents	\$ 123,173	\$ 8,477	\$ -	\$ 90,103	\$ 57,979	\$ 151,988	\$ 122,229
Receivables (net of allowances for uncollectibles):							
Taxes	-	4,991	-	11,293	5,879	-	10,444
Total assets	<u>\$ 123,173</u>	<u>\$ 13,468</u>	<u>\$ -</u>	<u>\$ 101,396</u>	<u>\$ 63,858</u>	<u>\$ 151,988</u>	<u>\$ 132,673</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to others	-	-	-	-	-	-	-
Deferred revenue	-	4,991	-	11,293	5,879	-	10,444
Total liabilities	<u>-</u>	<u>4,991</u>	<u>-</u>	<u>11,293</u>	<u>5,879</u>	<u>-</u>	<u>10,444</u>
Fund balances:							
Reserved:							
Debt service	123,173	8,477	-	90,103	57,979	151,988	122,229
Total fund balances	<u>123,173</u>	<u>8,477</u>	<u>-</u>	<u>90,103</u>	<u>57,979</u>	<u>151,988</u>	<u>122,229</u>
Total liabilities and fund balances	<u>\$ 123,173</u>	<u>\$ 13,468</u>	<u>\$ -</u>	<u>\$ 101,396</u>	<u>\$ 63,858</u>	<u>\$ 151,988</u>	<u>\$ 132,673</u>

**EXHIBIT C-19**

General Obligation Interest and Sinking 2004	Tax Interest and Sinking 2005	Tax Interest and Sinking 2006	General Obligation 2007	Certificates of Obligation 2007	General Obligation 2009	Certificates of Obligation 2009	Refunding Bond 2009	Total Nonmajor Debt Service Funds (See Exhibit C-1)
\$ 389,935	\$ 233,057	\$ 255,672	\$ 206,903	\$ 301,288	\$ 1,219,755	\$ 447,201	\$ 4,767,153	\$ 8,374,913
56,450	9,356	10,626	7,424	15,292	11,269	2,889	5,404	151,317
<u>\$ 446,385</u>	<u>\$ 242,413</u>	<u>\$ 266,298</u>	<u>\$ 214,327</u>	<u>\$ 316,580</u>	<u>\$ 1,231,024</u>	<u>\$ 450,090</u>	<u>\$ 4,772,557</u>	<u>\$ 8,526,230</u>
\$ -	\$ 52,436	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,436
-	-	-	-	-	-	-	4,280,000	4,280,000
56,450	9,356	10,626	7,424	15,292	11,269	2,889	5,404	151,317
<u>56,450</u>	<u>61,792</u>	<u>10,626</u>	<u>7,424</u>	<u>15,292</u>	<u>11,269</u>	<u>2,889</u>	<u>4,285,404</u>	<u>4,483,753</u>
389,935	180,621	255,672	206,903	301,288	1,219,755	447,201	487,153	4,042,477
<u>389,935</u>	<u>180,621</u>	<u>255,672</u>	<u>206,903</u>	<u>301,288</u>	<u>1,219,755</u>	<u>447,201</u>	<u>487,153</u>	<u>4,042,477</u>
<u>\$ 446,385</u>	<u>\$ 242,413</u>	<u>\$ 266,298</u>	<u>\$ 214,327</u>	<u>\$ 316,580</u>	<u>\$ 1,231,024</u>	<u>\$ 450,090</u>	<u>\$ 4,772,557</u>	<u>\$ 8,526,230</u>

**CITY OF KILLEEN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Certificates of Obligation 2000	Tax Interest and Sinking 1999	Refunding Bond 1999	Certificates of Obligation 2001	Tax Interest and Sinking 2002	Tax Interest and Sinking 2003	Tax Interest and Sinking 2004
<b>REVENUE</b>							
Taxes	\$ -	\$ 127,719	\$ 181,563	\$ 402,984	\$ 231,530	\$ 5,121	\$ 553,246
Miscellaneous	1,463	1,449	5,782	2,610	1,710	1,468	3,904
Total revenues	<u>1,463</u>	<u>129,168</u>	<u>187,345</u>	<u>405,594</u>	<u>233,240</u>	<u>6,589</u>	<u>557,150</u>
<b>EXPENDITURES</b>							
Debt service:							
Principal	225,000	180,000	198,900	180,000	230,000	135,000	440,000
Interest	464,191	7,740	41,867	266,085	34,625	347,638	200,173
Fiscal charges	2,542	1,800	2,072	2,910	300	300	2,100
Total expenditures	<u>691,733</u>	<u>189,540</u>	<u>242,839</u>	<u>448,995</u>	<u>264,925</u>	<u>482,938</u>	<u>642,273</u>
Excess (deficiency) of revenues over expenditures	(690,270)	(60,372)	(55,494)	(43,401)	(31,685)	(476,349)	(85,123)
<b>OTHER FINANCING SOURCES (USES)</b>							
Refunding bonds issued	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-
Refund to bond escrow agent	-	-	(727,601)	-	-	-	-
Transfers in	760,000	-	727,601	-	491	490,000	-
Transfers out	-	(40,160)	(533,414)	-	-	-	-
Total other financing sources (uses)	<u>760,000</u>	<u>(40,160)</u>	<u>(533,414)</u>	<u>-</u>	<u>491</u>	<u>490,000</u>	<u>-</u>
Net changes in fund balances	69,730	(100,532)	(588,908)	(43,401)	(31,194)	13,651	(85,123)
Fund balances, October 1	<u>53,443</u>	<u>109,009</u>	<u>588,908</u>	<u>133,504</u>	<u>89,173</u>	<u>138,337</u>	<u>207,352</u>
Fund balances, September 30	<u>\$ 123,173</u>	<u>\$ 8,477</u>	<u>\$ -</u>	<u>\$ 90,103</u>	<u>\$ 57,979</u>	<u>\$ 151,988</u>	<u>\$ 122,229</u>

**EXHIBIT C-20**

General Obligation Interest and Sinking 2004	Tax Interest and Sinking 2005	Tax Interest and Sinking 2006	General Obligation 2007	Certificates of Obligation 2007	General Obligation 2009	Certificates of Obligation 2009	Refunding Bond 2009	Total Nonmajor Debt Service Funds (See Exhibit C-1)
\$ 2,671,359	\$ 491,654	\$ 755,298	\$ 404,582	\$ 1,029,674	\$ 1,164,351	\$ 298,487	\$ -	\$ 8,317,568
18,775	4,607	4,452	5,243	8,246	55,404	29,714	6,247	151,074
<u>2,690,134</u>	<u>496,261</u>	<u>759,750</u>	<u>409,825</u>	<u>1,037,920</u>	<u>1,219,755</u>	<u>328,201</u>	<u>6,247</u>	<u>8,468,642</u>
2,470,000	175,770	270,000	-	300,000	-	-	-	4,804,670
814,000	477,626	434,291	757,676	1,052,654	-	-	-	4,898,566
2,100	2,100	2,100	600	-	-	-	-	18,924
<u>3,286,100</u>	<u>655,496</u>	<u>706,391</u>	<u>758,276</u>	<u>1,352,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,722,160</u>
(595,966)	(159,235)	53,359	(348,451)	(314,734)	1,219,755	328,201	6,247	(1,253,518)
-	-	-	-	-	-	-	744,600	744,600
-	-	-	-	-	-	-	(8,925)	(8,925)
-	-	-	-	-	-	-	-	(727,601)
-	-	-	-	-	-	119,000	4,068,806	6,165,898
-	-	-	-	-	-	-	(4,323,575)	(4,897,149)
-	-	-	-	-	-	119,000	480,906	1,276,823
(595,966)	(159,235)	53,359	(348,451)	(314,734)	1,219,755	447,201	487,153	23,305
<u>985,901</u>	<u>339,856</u>	<u>202,313</u>	<u>555,354</u>	<u>616,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,019,172</u>
<u>\$ 389,935</u>	<u>\$ 180,621</u>	<u>\$ 255,672</u>	<u>\$ 206,903</u>	<u>\$ 301,288</u>	<u>\$ 1,219,755</u>	<u>\$ 447,201</u>	<u>\$ 487,153</u>	<u>\$ 4,042,477</u>

**CITY OF KILLEEN, TEXAS**  
**CERTIFICATES OF OBLIGATION SERIES 2000 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 1,463	\$ 2,000	\$ 2,000	\$ (537)
Total revenues	1,463	2,000	2,000	(537)
<b>EXPENDITURES</b>				
Debt service:				
Principal	225,000	225,000	225,000	-
Interest	464,191	464,191	464,191	-
Fiscal charges	2,542	4,000	4,000	1,458
Total expenditures	691,733	693,191	693,191	1,458
Deficiency of revenues under expenditures	(690,270)	(691,191)	(691,191)	921
<b>OTHER FINANCING SOURCES</b>				
Transfers in	760,000	760,000	760,000	-
Total other financing sources	760,000	760,000	760,000	-
Net change in fund balance	69,730	\$ 68,809	\$ 68,809	\$ 921
Fund balance, October 1	53,443			
Fund balance, September 30	\$ 123,173			

**CITY OF KILLEEN, TEXAS**  
**TAX INTEREST & SINKING SERIES 1999 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 127,719	\$ 126,000	\$ 126,000	\$ 1,719
Miscellaneous	1,449	1,432	1,432	17
Total revenues	129,168	127,432	127,432	1,736
<b>EXPENDITURES</b>				
Debt service:				
Principal	180,000	300,000	300,000	120,000
Interest	7,740	12,900	12,900	5,160
Fiscal charges	1,800	4,000	4,000	2,200
Total expenditures	189,540	316,900	316,900	127,360
Deficiency of revenues under expenditures	(60,372)	(189,468)	(189,468)	129,096
<b>OTHER FINANCING USES</b>				
Transfers out	(40,160)	-	-	(40,160)
Total other financing uses	(40,160)	-	-	(40,160)
Net change in fund balance	(100,532)	\$ (189,468)	\$ (189,468)	88,936
Fund balance, October 1	109,009			
Fund balance, September 30	\$ 8,477			



**CITY OF KILLEEN, TEXAS**  
**REFUNDING BOND SERIES 1999 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 181,563	\$ 180,000	\$ 180,000	\$ 1,563
Miscellaneous	5,782	14,000	14,000	(8,218)
Total revenues	187,345	194,000	194,000	(6,655)
<b>EXPENDITURES</b>				
Debt service:				
Principal	198,900	1,170,000	1,170,000	971,100
Interest	41,867	246,275	246,275	204,408
Fiscal charges	2,072	4,000	4,000	1,928
Total expenditures	242,839	1,420,275	1,420,275	1,177,436
Deficiency of revenues under expenditures	(55,494)	(1,226,275)	(1,226,275)	1,170,781
<b>OTHER FINANCING SOURCES (USES)</b>				
Refund to bond escrow agent	(727,601)	-	-	(727,601)
Transfers in	727,601	-	-	727,601
Transfers out	(533,414)	-	-	(533,414)
Total other financing uses	(533,414)	-	-	(533,414)
Net change in fund balance	(588,908)	<u>\$ (1,226,275)</u>	<u>\$ (1,226,275)</u>	<u>\$ 637,367</u>
Fund balance, October 1	588,908			
Fund balance, September 30	<u>\$ -</u>			

**CITY OF KILLEEN, TEXAS**  
**CERTIFICATES OF OBLIGATION SERIES 2001 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 402,984	\$ 400,000	\$ 400,000	\$ 2,984
Miscellaneous	2,610	3,000	3,000	(390)
Total revenues	<u>405,594</u>	<u>403,000</u>	<u>403,000</u>	<u>2,594</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	180,000	180,000	180,000	-
Interest	266,085	266,085	266,085	-
Fiscal charges	2,910	4,000	4,000	1,090
Total expenditures	<u>448,995</u>	<u>450,085</u>	<u>450,085</u>	<u>1,090</u>
Net change in fund balance	(43,401)	<u>\$ (47,085)</u>	<u>\$ (47,085)</u>	<u>\$ 3,684</u>
Fund balance, October 1	<u>133,504</u>			
Fund balance, September 30	<u>\$ 90,103</u>			

**CITY OF KILLEEN, TEXAS**  
**TAX INTEREST & SINKING SERIES 2002 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 231,530	\$ 230,000	\$ 230,000	\$ 1,530
Miscellaneous	1,710	2,000	2,000	(290)
Total revenues	<u>233,240</u>	<u>232,000</u>	<u>232,000</u>	<u>1,240</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	230,000	230,000	230,000	-
Interest	34,625	34,625	34,625	-
Fiscal charges	300	4,000	4,000	3,700
Total expenditures	<u>264,925</u>	<u>268,625</u>	<u>268,625</u>	<u>3,700</u>
Deficiency of revenues under expenditures	(31,685)	(36,625)	(36,625)	4,940
<b>OTHER FINANCING SOURCES</b>				
Transfers in	491	-	-	491
Total other financing sources	<u>491</u>	<u>-</u>	<u>-</u>	<u>491</u>
Net change in fund balance	(31,194)	<u>\$ (36,625)</u>	<u>\$ (36,625)</u>	<u>\$ 5,431</u>
Fund balance, October 1	<u>89,173</u>			
Fund balance, September 30	<u>\$ 57,979</u>			

**CITY OF KILLEEN, TEXAS**  
**TAX INTEREST & SINKING SERIES 2003 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 5,121	\$ -	\$ -	\$ 5,121
Miscellaneous	1,468	6,000	6,000	(4,532)
Total revenues	6,589	6,000	6,000	589
<b>EXPENDITURES</b>				
Debt service:				
Principal	135,000	135,000	135,000	-
Interest	347,638	347,638	347,638	-
Fiscal charges	300	4,000	4,000	3,700
Total expenditures	482,938	486,638	486,638	3,700
Deficiency of revenues under expenditures	(476,349)	(480,638)	(480,638)	4,289
<b>OTHER FINANCING SOURCES</b>				
Transfers in	490,000	490,000	490,000	-
Total other financing sources	490,000	490,000	490,000	-
Net change in fund balance	13,651	\$ 9,362	\$ 9,362	\$ 4,289
Fund balance, October 1	138,337			
Fund balance, September 30	\$ 151,988			

**CITY OF KILLEEN, TEXAS**  
**TAX INTEREST & SINKING SERIES 2004 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 553,246	\$ 550,000	\$ 550,000	\$ 3,246
Miscellaneous	3,904	10,000	10,000	(6,096)
Total revenues	<u>557,150</u>	<u>560,000</u>	<u>560,000</u>	<u>(2,850)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	440,000	440,000	440,000	-
Interest	200,173	200,173	200,173	-
Fiscal charges	2,100	4,000	4,000	1,900
Total expenditures	<u>642,273</u>	<u>644,173</u>	<u>644,173</u>	<u>1,900</u>
Net change in fund balance	(85,123)	<u>\$ (84,173)</u>	<u>\$ (84,173)</u>	<u>\$ (950)</u>
Fund balance, October 1	<u>207,352</u>			
Fund balance, September 30	<u>\$ 122,229</u>			

**CITY OF KILLEEN, TEXAS**  
**GENERAL OBLIGATION INTEREST & SINKING SERIES 2004 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,671,359	\$ 2,650,000	\$ 2,650,000	\$ 21,359
Miscellaneous	18,775	35,000	35,000	(16,225)
Total revenues	<u>2,690,134</u>	<u>2,685,000</u>	<u>2,685,000</u>	<u>5,134</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	2,470,000	2,470,000	2,470,000	-
Interest	814,000	814,000	814,000	-
Fiscal charges	2,100	4,000	4,000	1,900
Total expenditures	<u>3,286,100</u>	<u>3,288,000</u>	<u>3,288,000</u>	<u>1,900</u>
Net change in fund balance	(595,966)	<u>\$ (603,000)</u>	<u>\$ (603,000)</u>	<u>\$ 7,034</u>
Fund balance, October 1	<u>985,901</u>			
Fund balance, September 30	<u>\$ 389,935</u>			

**CITY OF KILLEEN, TEXAS**  
**TAX INTEREST & SINKING SERIES 2005 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 491,654	\$ 490,000	\$ 490,000	\$ 1,654
Miscellaneous	4,607	15,000	15,000	(10,393)
Total revenues	<u>496,261</u>	<u>505,000</u>	<u>505,000</u>	<u>(8,739)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	175,770	315,000	315,000	139,230
Interest	477,626	855,960	855,960	378,334
Fiscal charges	2,100	4,000	4,000	1,900
Total expenditures	<u>655,496</u>	<u>1,174,960</u>	<u>1,174,960</u>	<u>519,464</u>
Net change in fund balance	(159,235)	<u>\$ (669,960)</u>	<u>\$ (669,960)</u>	<u>\$ 510,725</u>
Fund balance, October 1	<u>339,856</u>			
Fund balance, September 30	<u>\$ 180,621</u>			

**CITY OF KILLEEN, TEXAS**  
**TAX INTEREST & SINKING SERIES 2006 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 755,298	\$ 755,000	\$ 755,000	\$ 298
Miscellaneous	4,452	6,000	6,000	(1,548)
Total revenues	<u>759,750</u>	<u>761,000</u>	<u>761,000</u>	<u>(1,250)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	270,000	270,000	270,000	-
Interest	434,291	434,291	434,291	-
Fiscal charges	2,100	4,000	4,000	1,900
Total expenditures	<u>706,391</u>	<u>708,291</u>	<u>708,291</u>	<u>1,900</u>
Net change in fund balance	53,359	<u>\$ 52,709</u>	<u>\$ 52,709</u>	<u>\$ 650</u>
Fund balance, October 1	<u>202,313</u>			
Fund balance, September 30	<u>\$ 255,672</u>			



**CITY OF KILLEEN, TEXAS**  
**GENERAL OBLIGATION SERIES 2007 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 404,582	\$ 400,000	\$ 400,000	\$ 4,582
Miscellaneous	5,243	25,000	25,000	(19,757)
Total revenues	<u>409,825</u>	<u>425,000</u>	<u>425,000</u>	<u>(15,175)</u>
<b>EXPENDITURES</b>				
Debt service:				
Interest	757,676	757,677	757,677	1
Fiscal charges	600	4,000	4,000	3,400
Total expenditures	<u>758,276</u>	<u>761,677</u>	<u>761,677</u>	<u>3,401</u>
Net change in fund balance	(348,451)	<u>\$ (336,677)</u>	<u>\$ (336,677)</u>	<u>\$ (11,774)</u>
Fund balance, October 1	<u>555,354</u>			
Fund balance, September 30	<u>\$ 206,903</u>			

**CITY OF KILLEEN, TEXAS**  
**CERTIFICATE OF OBLIGATION SERIES 2007 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,029,674	\$ 1,025,000	\$ 1,025,000	\$ 4,674
Miscellaneous	8,246	35,000	35,000	(26,754)
Total revenues	<u>1,037,920</u>	<u>1,060,000</u>	<u>1,060,000</u>	<u>(22,080)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	300,000	300,000	300,000	-
Interest	1,052,654	1,052,654	1,052,654	-
Fiscal charges	-	4,000	4,000	4,000
Total expenditures	<u>1,352,654</u>	<u>1,356,654</u>	<u>1,356,654</u>	<u>4,000</u>
Net change in fund balance	(314,734)	<u>\$ (296,654)</u>	<u>\$ (296,654)</u>	<u>\$ (18,080)</u>
Fund balance, October 1	<u>616,022</u>			
Fund balance, September 30	<u>\$ 301,288</u>			

**CITY OF KILLEEN, TEXAS**  
**GENERAL OBLIGATION SERIES 2009 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 1,164,351	\$ 1,170,000	\$ 1,170,000	\$ (5,649)
Miscellaneous	55,404	15,000	15,000	40,404
Total revenues	<u>1,219,755</u>	<u>1,185,000</u>	<u>1,185,000</u>	<u>34,755</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	-	-	-	-
Interest	-	992,819	992,819	992,819
Fiscal charges	-	4,000	4,000	4,000
Total expenditures	<u>-</u>	<u>996,819</u>	<u>996,819</u>	<u>996,819</u>
Net change in fund balance	1,219,755	<u>\$ 188,181</u>	<u>\$ 188,181</u>	<u>\$ 1,031,574</u>
Fund balance, October 1	<u>-</u>			
Fund balance, September 30	<u>\$ 1,219,755</u>			

**CITY OF KILLEEN, TEXAS**  
**CERTIFICATES OF OBLIGATION SERIES 2009 FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 298,487	\$ 300,000	\$ 300,000	\$ (1,513)
Miscellaneous	29,714	6,000	6,000	23,714
Total revenues	<u>328,201</u>	<u>306,000</u>	<u>306,000</u>	<u>22,201</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	-	-	-	-
Interest	-	320,834	320,834	320,834
Fiscal charges	-	4,000	4,000	4,000
Total expenditures	<u>-</u>	<u>324,834</u>	<u>324,834</u>	<u>324,834</u>
Excess of revenues over expenditures	<u>328,201</u>	<u>(18,834)</u>	<u>(18,834)</u>	<u>347,035</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>119,000</u>	<u>119,000</u>	<u>119,000</u>	<u>-</u>
Total other financing sources	<u>119,000</u>	<u>119,000</u>	<u>119,000</u>	<u>-</u>
Net change in fund balance	<u>447,201</u>	<u>\$ 100,166</u>	<u>\$ 100,166</u>	<u>\$ 347,035</u>
Fund balance, October 1	<u>-</u>			
Fund balance, September 30	<u><u>\$ 447,201</u></u>			

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## CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by propriety funds and trust funds.

**Capital Projects fund (2000 Limited Tax Note):** To account for expenditures of funds to be used for street improvements.

**Capital Projects fund (2002 C.O.):** To account for expenditures of funds on the Golf Course improvement projects.

**Capital Projects Fund (2004 C.O.):** To account for expenditures for the purchase of Fire, Emergency Medical and Public Works vehicles and equipment.

**Capital Projects Fund (2004 G.O.):** To account for expenditure of funds for various construction projects financed through bond proceeds of \$15,870,000.

**Capital Projects fund (2005 C.O.):** To account for expenditures which include the constructing and installation of a communications tower, constructing and improving streets, purchasing street heavy equipment, purchasing ambulances and other projects financed through bond proceeds.

**Capital Projects Fund (2006 G.O.):** To account for expenditures for the construction of the Family Recreation and Senior Center Complex.

**Capital Projects Fund (1991 G.O. Bonds):** To account for construction improvements and other costs associated with Elms Road and Southern Loop Road projects. Financing was provided by the sale of \$ 2,400,000 of general obligation bonds.

**Capital Projects Fund (1993 G.O. Bonds):** To account for improving streets, constructing public service and animal control facilities, and improving the library building. Financing was provided by the sale of \$ 3,750,000 of general obligation bonds.

**Capital Projects Fund (1995 G.O. Bonds):** To account for constructing and improving streets, and constructing and improving public service buildings. Financing was provided by the sale of \$ 6,745,000 of general obligation bonds.

**Capital Projects Fund (2009 G.O. Bonds):** To account for expenditures of funds to be used for street improvements and parks and recreation building and facility improvements. Financing was provided by the sale of \$13,175,000 of general obligation bonds.

**Capital Projects Fund (2009 C.O. Bonds):** To account for expenditures of funds to be used for street improvements, acquiring and purchasing vehicles and equipment for public works, improving city parks and recreation facilities, acquiring and purchasing information technology, and improving the city landfill. Financing was provided by the sale of \$8,500,000 of certificates of obligations bonds.

**Capital Projects Fund (2007 G.O. and C.O. Bonds):** To account for expenditures for the construction of various projects. Financing was provided by the sale of \$17,665,000 of general obligation bonds and \$24,120,000 of certificates of obligation bonds. This fund is presented as a major fund; therefore, it is not presented in the following non-major combining statements.

**CITY OF KILLEEN, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
SEPTEMBER 30, 2009**

	2000 Limited Tax Note	2002 C.O. Bonds	2004 C.O. Bonds	2004 G.O. Bonds	2005 C.O. Bonds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,517,337	\$ -	\$ 349,264	\$ 2,136,373	\$ 3,159,049
Total assets	<u>\$ 2,517,337</u>	<u>\$ -</u>	<u>\$ 349,264</u>	<u>\$ 2,136,373</u>	<u>\$ 3,159,049</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 175	\$ 186,571	\$ 9,284
Total liabilities	<u>-</u>	<u>-</u>	<u>175</u>	<u>186,571</u>	<u>9,284</u>
Fund balances:					
Reserved:					
Capital projects	2,517,337	-	349,089	1,949,802	3,149,765
Total fund balances	<u>2,517,337</u>	<u>-</u>	<u>349,089</u>	<u>1,949,802</u>	<u>3,149,765</u>
Total liabilities and fund balances	<u>\$ 2,517,337</u>	<u>\$ -</u>	<u>\$ 349,264</u>	<u>\$ 2,136,373</u>	<u>\$ 3,159,049</u>

**EXHIBIT C-35**

2006 G.O. Bonds	1991 G.O. Bonds	1993 G.O. Bonds	1995 G.O. Bonds	2009 G.O. Bonds	2009 C.O. Bonds	Total Nonmajor Capital Projects funds (See Exhibit C-1)
\$ 169,110	\$ -	\$ 125,868	\$ 52,285	\$ 12,902,196	\$ 3,126,537	\$ 24,538,019
<u>\$ 169,110</u>	<u>\$ -</u>	<u>\$ 125,868</u>	<u>\$ 52,285</u>	<u>\$ 12,902,196</u>	<u>\$ 3,126,537</u>	<u>\$ 24,538,019</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,285,833	\$ 20,534	\$ 1,502,397
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,833</u>	<u>20,534</u>	<u>1,502,397</u>
169,110	-	125,868	52,285	11,616,363	3,106,003	23,035,622
<u>169,110</u>	<u>-</u>	<u>125,868</u>	<u>52,285</u>	<u>11,616,363</u>	<u>3,106,003</u>	<u>23,035,622</u>
\$ 169,110	\$ -	\$ 125,868	\$ 52,285	\$ 12,902,196	\$ 3,126,537	\$ 24,538,019
<u>\$ 169,110</u>	<u>\$ -</u>	<u>\$ 125,868</u>	<u>\$ 52,285</u>	<u>\$ 12,902,196</u>	<u>\$ 3,126,537</u>	<u>\$ 24,538,019</u>



**CITY OF KILLEEN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	2000 Limited Tax Note	2002 C.O. Bonds	2004 C.O. Bonds	2004 G.O. Bonds	2005 C.O. Bonds
<b>REVENUES</b>					
Investment earnings	\$ 8,692	\$ 3	\$ 2,905	\$ 36,174	\$ 36,709
Total revenues	<u>8,692</u>	<u>3</u>	<u>2,905</u>	<u>36,174</u>	<u>36,709</u>
<b>EXPENDITURES</b>					
Capital outlay	-	-	5,791	3,664,356	1,269,109
Total expenditures	<u>-</u>	<u>-</u>	<u>5,791</u>	<u>3,664,356</u>	<u>1,269,109</u>
Excess (deficiency) of revenues over expenditures	<u>8,692</u>	<u>3</u>	<u>(2,886)</u>	<u>(3,628,182)</u>	<u>(1,232,400)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	-	-	-
Costs of issuance	-	-	-	-	-
Contributions	-	-	-	-	-
Transfers in	1,225,183	-	-	-	-
Transfers out	-	(491)	-	-	-
Total other financing sources (uses)	<u>1,225,183</u>	<u>(491)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,233,875	(488)	(2,886)	(3,628,182)	(1,232,400)
Fund balance as restated, October 1	<u>1,283,462</u>	<u>488</u>	<u>351,975</u>	<u>5,577,984</u>	<u>4,382,165</u>
Fund balance, September 30	<u>\$ 2,517,337</u>	<u>\$ -</u>	<u>\$ 349,089</u>	<u>\$ 1,949,802</u>	<u>\$ 3,149,765</u>

**EXHIBIT C-36**

2006 G.O. Bonds	1991 G.O. Bonds	1993 G.O. Bonds	1995 G.O. Bonds	2009 G.O. Bonds	2009 C.O. Bonds	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ 2,344	\$ 5	\$ 1,015	\$ 1,426	\$ 1,658	\$ 654	\$ 91,585
2,344	5	1,015	1,426	1,658	654	91,585
11,840	-	-	153,521	1,606,395	3,986,426	10,697,438
11,840	-	-	153,521	1,606,395	3,986,426	10,697,438
(9,496)	5	1,015	(152,095)	(1,604,737)	(3,985,772)	(10,605,853)
-	-	-	-	13,175,000	6,500,000	19,675,000
-	-	-	-	(73,900)	-	(73,900)
-	-	-	-	120,000	31,225	151,225
-	-	-	-	-	560,550	1,785,733
-	(840)	-	-	-	-	(1,331)
-	(840)	-	-	13,221,100	7,091,775	21,536,727
(9,496)	(835)	1,015	(152,095)	11,616,363	3,106,003	10,930,874
178,606	835	124,853	204,380	-	-	12,104,748
\$ 169,110	\$ -	\$ 125,868	\$ 52,285	\$ 11,616,363	\$ 3,106,003	\$ 23,035,622

**CITY OF KILLEEN, TEXAS**  
**2000 LIMITED TAX NOTE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 8,692	\$ 15,000	\$ 15,000	\$ (6,308)
Total revenues	8,692	15,000	15,000	(6,308)
<b>EXPENDITURES</b>				
Capital outlay	-	672,922	672,922	672,922
Total expenditures	-	672,922	672,922	672,922
Excess of revenues over expenditures	8,692	(657,922)	(657,922)	666,614
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,225,183	-	-	1,225,183
Total other financing sources	1,225,183	-	-	1,225,183
Net change in fund balance	1,233,875	\$ (657,922)	\$ (657,922)	\$ 1,891,797
Fund balance, October 1	1,283,462			
Fund balance, September 30	\$ 2,517,337			

**CITY OF KILLEEN, TEXAS**  
**2004 C.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 2,905	\$ -	\$ -	\$ 2,905
Total revenues	2,905	-	-	2,905
<b>EXPENDITURES</b>				
Capital outlay	5,791	9,363	345,582	339,791
Total expenditures	5,791	9,363	345,582	339,791
Net change in fund balance	(2,886)	<u>\$ (9,363)</u>	<u>\$ (345,582)</u>	<u>\$ 342,696</u>
Fund balance, October 1	<u>351,975</u>			
Fund balance, September 30	<u><u>\$ 349,089</u></u>			

**CITY OF KILLEEN, TEXAS**  
**2004 G.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 36,174	\$ 75,000	\$ 75,000	\$ (38,826)
Total revenues	36,174	75,000	75,000	(38,826)
<b>EXPENDITURES</b>				
Capital outlay	3,664,356	4,571,307	5,599,905	1,935,549
Total expenditures	3,664,356	4,571,307	5,599,905	1,935,549
Net change in fund balance	(3,628,182)	<u>\$ (4,496,307)</u>	<u>\$ (5,524,905)</u>	<u>\$ 1,896,723</u>
Fund balance, October 1	<u>5,577,984</u>			
Fund balance, September 30	<u><u>\$ 1,949,802</u></u>			

**CITY OF KILLEEN, TEXAS**  
**2005 C.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 36,709	\$ 75,000	\$ 75,000	\$ (38,291)
Total revenues	36,709	75,000	75,000	(38,291)
<b>EXPENDITURES</b>				
Capital outlay	1,269,109	3,853,229	3,868,823	2,599,714
Total expenditures	1,269,109	3,853,229	3,868,823	2,599,714
Net change in fund balance	(1,232,400)	\$ (3,778,229)	\$ (3,793,823)	\$ 2,561,423
Fund balance, October 1	4,382,165			
Fund balance, September 30	\$ 3,149,765			

**CITY OF KILLEEN, TEXAS**  
**2006 G.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investments earnings	\$ 2,344	\$ -	\$ -	\$ 2,344
Total revenues	2,344	-	-	2,344
<b>EXPENDITURES</b>				
Capital outlay	11,840	78,130	95,337	83,497
Total expenditures	11,840	78,130	95,337	83,497
Net change in fund balance	(9,496)	<u>\$ (78,130)</u>	<u>\$ (95,337)</u>	<u>\$ 85,841</u>
Fund balance, October 1	<u>178,606</u>			
Fund balance, September 30	<u><u>\$ 169,110</u></u>			

**CITY OF KILLEEN, TEXAS**  
**1993 G.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 1,015	\$ -	\$ -	\$ 1,015
Total revenues	1,015	-	-	1,015
<b>EXPENDITURES</b>				
Capital outlay	-	-	103,105	103,105
Total expenditures	-	-	103,105	103,105
Net change in fund balance	1,015	\$ -	\$ (103,105)	\$ 104,120
Fund balance, October 1	124,853			
Fund balance, September 30	\$ 125,868			



**CITY OF KILLEEN, TEXAS**  
**1995 G.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 1,426	\$ 1,000	\$ 1,000	\$ 426
Total revenues	1,426	1,000	1,000	426
<b>EXPENDITURES</b>				
Capital outlay	153,521	-	164,032	10,511
Total expenditures	153,521	-	164,032	10,511
Net change in fund balance	(152,095)	\$ 1,000	\$ (163,032)	\$ 10,937
Fund balance, October 1	204,380			
Fund balance, September 30	\$ 52,285			

**CITY OF KILLEEN, TEXAS**  
**2007 G.O. & C.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Miscellaneous	\$ 419,395	\$ 500,000	\$ 500,000	\$ (80,605)
Total revenues	419,395	500,000	500,000	(80,605)
<b>EXPENDITURES</b>				
Capital outlay	21,640,773	28,180,460	33,719,381	12,078,608
Total expenditures	21,640,773	28,180,460	33,719,381	12,078,608
Net change in fund balance	(21,221,378)	\$ (27,680,460)	\$ (33,219,381)	\$ 11,998,003
Fund balance, October 1	34,376,237			
Prior year encumbrances	(1,243,504)			
Adjusted fund balance	33,132,733			
Fund balance, September 30	\$ 11,911,355			

**CITY OF KILLEEN, TEXAS**  
**2009 G.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 1,658	\$ 200,000	\$ 200,000	\$ (198,342)
Total revenues	<u>1,658</u>	<u>200,000</u>	<u>200,000</u>	<u>(198,342)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>1,606,395</u>	<u>20,630,000</u>	<u>20,630,000</u>	<u>19,023,605</u>
Total expenditures	<u>1,606,395</u>	<u>20,630,000</u>	<u>20,630,000</u>	<u>19,023,605</u>
Deficiency of revenues under expenditures	<u>(1,604,737)</u>	<u>(20,430,000)</u>	<u>(20,430,000)</u>	<u>18,825,263</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	13,175,000	21,000,000	21,000,000	(7,825,000)
Costs of issuance	(73,900)	(370,000)	(370,000)	296,100
Contributions	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
Total other financing sources	<u>13,221,100</u>	<u>20,630,000</u>	<u>20,630,000</u>	<u>(7,408,900)</u>
Net change in fund balance	<u>11,616,363</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 11,416,363</u>
Fund balance, October 1	<u>-</u>			
Fund balance, September 30	<u>\$ 11,616,363</u>			

**CITY OF KILLEEN, TEXAS**  
**2009 C.O. BONDS CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 654	\$ 50,000	\$ 50,000	\$ (49,346)
Total revenues	654	50,000	50,000	(49,346)
<b>EXPENDITURES</b>				
Capital outlay	3,986,426	6,878,713	7,000,000	3,013,574
Total expenditures	3,986,426	6,878,713	7,000,000	3,013,574
Deficiency of revenues under expenditures	(3,985,772)	(6,828,713)	(6,950,000)	2,964,228
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	6,500,000	7,000,000	7,000,000	(500,000)
Contributions	31,225	-	-	31,225
Transfers in	560,550	-	-	560,550
Total other financing sources	7,091,775	7,000,000	7,000,000	91,775
Net change in fund balance	3,106,003	\$ 171,287	\$ 50,000	\$ 3,056,003
Fund balance, October 1	-			
Fund balance, September 30	\$ 3,106,003			

**CITY OF KILLEEN, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES  
BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

		Budgeted Amounts		Variance -
	Actual	Original	Final	Positive (Negative)
<b>Taxes:</b>				
Ad valorem	\$ 21,335,970	\$ 21,510,568	\$ 21,440,935	\$ (104,965)
Penalty and interest	238,617	210,000	226,681	11,936
Beverage	268,902	327,347	269,144	(242)
Franchise	4,977,108	5,084,970	4,880,606	96,502
City sales	18,124,196	19,337,000	17,960,648	163,548
Bingo	221,231	223,787	222,276	(1,045)
Total taxes	45,166,024	46,693,672	45,000,290	165,734
<b>Licenses, permits and fees:</b>				
Building permits and inspections	523,036	700,000	475,000	48,036
Electrical permits and inspections	105,578	150,000	94,500	11,078
Plumbing permits and inspections	100,414	120,000	84,000	16,414
Miscellaneous licenses	228,099	204,000	223,000	5,099
Taxi operators licenses	4,570	4,100	4,200	370
Food handlers permits	21,740	21,000	21,000	740
Trailer court licenses	6,495	6,580	5,000	1,495
Building plans review	67,060	125,000	87,500	(20,440)
Mechanical inspections	43,827	57,000	40,000	3,827
Total licenses, permits and fees	1,100,819	1,387,680	1,034,200	66,619
<b>Intergovernmental:</b>				
Bell County contribution - ambulance service	-	3,500	3,500	(3,500)
Civil defense matching funds	21,309	19,094	19,094	2,215
Community assistance	815,317	659,665	687,665	127,652
Total intergovernmental	836,626	682,259	710,259	126,367
<b>Charges for Services:</b>				
Ambulance service fees	2,674,031	2,800,000	2,623,101	50,930
Miscellaneous police receipts	110,905	115,700	95,100	15,805
Planning and zoning fees	29,480	48,000	48,000	(18,520)
Cemetery lots	28,956	26,600	24,500	4,456
Golf course receipts	1,294,705	1,236,686	1,159,605	135,100
Recreation receipts	723,554	905,125	692,891	30,663
Library charges and contributions	39,973	38,750	41,924	(1,951)
Swimming pool receipts and lessons	38,941	37,500	36,000	2,941
Code enforcement	125	1,000	-	125
Code enforcement abatement	96,890	95,000	93,760	3,130
Total charges for services	5,037,560	5,304,361	4,814,881	222,679
<b>Fines:</b>				
Municipal court fines	2,163,559	1,760,799	2,073,845	89,714
Arrest fines	253,701	242,880	300,000	(46,299)
Parking fines	38,514	27,000	35,000	3,514
Court tax service fee	99,997	68,640	72,000	27,997
Total fines	2,555,771	2,099,319	2,480,845	74,926
<b>Miscellaneous:</b>				
Investment revenue	379,854	1,605,000	384,151	(4,297)
Miscellaneous receipts	630,123	352,500	490,023	140,100
Total miscellaneous	1,009,977	1,957,500	874,174	135,803
Totals	\$ 55,706,777	\$ 58,124,791	\$ 54,914,649	\$ 792,128

**CITY OF KILLEEN, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>General Government:</b>				
City council	\$ 54,932	\$ 72,663	\$ 72,663	\$ 17,731
City manager	433,169	481,094	472,975	39,806
Assistant city manager	250,594	-	279,865	29,271
City auditor	61,301	79,036	80,137	18,836
Municipal court	849,029	953,716	906,101	57,072
Public information	134,296	153,626	145,944	11,648
City attorney	727,568	771,554	732,948	5,380
City secretary	96,308	103,501	98,354	2,046
Financial services	2,024,628	2,270,121	2,115,844	91,216
Human resources	775,285	846,079	837,129	61,844
Information systems	804,378	952,995	924,439	120,061
Planning and development	2,374,540	2,775,401	2,457,078	82,538
Non-departmental	4,475,800	6,176,301	5,968,184	1,492,384
Total general government	13,061,828	15,636,087	15,091,661	2,029,833
<b>Public Safety:</b>				
Police	20,393,253	21,672,551	20,622,146	228,893
Animal control	563,716	557,396	625,031	61,315
Fire	16,352,576	15,631,194	15,462,853	(889,723)
Total public safety	37,309,545	37,861,141	36,710,030	(599,515)
<b>Public Works:</b>				
Public works	216,063	229,311	220,991	4,928
Traffic	751,944	819,351	796,827	44,883
Street	3,421,234	3,739,850	3,538,647	117,413
Engineering	261,189	286,134	271,827	10,638
Total public works	4,650,430	5,074,646	4,828,292	177,862
<b>Community Services:</b>				
Senior citizens	322,323	346,489	336,442	14,119
Library	1,437,982	1,485,229	1,468,008	30,026
Parks	2,599,627	3,200,246	3,052,223	452,596
Recreation	216,804	337,577	314,658	97,854
Athletics	372,857	459,014	416,847	43,990
Swimming pools	211,272	140,859	218,459	7,187
Family aquatics center	127,851	395,366	269,424	141,573
Golf course	1,746,846	1,875,684	1,817,044	70,198
Cemetery	312,196	347,447	333,010	20,814
Volunteer services	145,877	149,521	147,027	1,150
Total community services	7,493,635	8,737,432	8,373,142	879,507
Totals	62,515,438	67,309,306	65,003,125	2,487,687

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## **STATISTICAL SECTION**



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**CITY OF KILLEEN, TEXAS  
STATISTICAL SECTION  
(UNAUDITED)**

This part of the City of Killeen's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City's overall financial health. This information has not been audited by the independent auditors.

<b>Contents</b>	<b>Page</b>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	160
Revenue Capacity	
These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	172
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's currently outstanding debt and the City's ability to issue additional debt in the future.	178
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	188
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information contained in the City's financial report relates to the services the City provides and the activities it performs.	190

Sources: Unless otherwise noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003. Schedules presenting government-wide information include information beginning in that year.

**CITY OF KILLEEN, TEXAS  
NET ASSETS BY COMPONENT  
LAST SEVEN FISCAL YEARS**

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt	\$ 6,925,605	\$ 6,214,132	\$ 72,121,732
Restricted for:			
Debt service	966,333	1,770,519	2,157,576
Capital projects	1,975,672	1,319,532	1,668,019
Unrestricted	3,461,394	2,351,308	5,428,656
Total governmental activities net assets	<u>\$ 13,329,004</u>	<u>\$ 11,655,491</u>	<u>\$ 81,375,983</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 74,670,451	\$ 103,780,206	\$ 122,964,598
Restricted for:			
Debt service	2,319,315	3,258,464	6,130,078
Capital projects	1,614,967	1,542,978	9,067,780
Unrestricted	22,632,162	23,524,097	16,045,497
Total business-type activities net assets	<u>\$ 101,236,895</u>	<u>\$ 132,105,745</u>	<u>\$ 154,207,953</u>
Primary government			
Invested in capital assets, net of related debt	\$ 81,596,056	\$ 109,994,338	\$ 195,086,330
Restricted for:			
Debt service	3,285,648	5,028,983	8,287,654
Capital projects	3,590,639	2,862,510	10,735,799
Unrestricted	26,093,556	25,875,405	21,474,153
Total primary government activities net assets	<u>\$ 114,565,899</u>	<u>\$ 143,761,236</u>	<u>\$ 235,583,936</u>

Note: The data in this table is extracted from Exhibit A-1.

**TABLE I**

2006	2007	2008	2009
\$ 66,757,690	\$ 47,388,909	\$ 71,779,033	\$ 70,831,173
2,294,404	2,806,680	4,259,342	3,538,047
2,848,184	24,355,131	4,331,523	8,483,715
17,095,997	19,308,822	22,149,545	21,223,870
<u>\$ 88,996,275</u>	<u>\$ 93,859,542</u>	<u>\$ 102,519,443</u>	<u>\$ 104,076,805</u>
\$ 146,389,308	\$ 153,152,207	\$ 157,885,676	\$ 160,788,607
8,246,358	6,277,051	6,466,505	9,025,106
3,836,414	-	-	3,016,080
23,048,333	32,582,310	36,562,391	28,216,103
<u>\$ 181,520,413</u>	<u>\$ 192,011,568</u>	<u>\$ 200,914,572</u>	<u>\$ 201,045,896</u>
\$ 213,146,998	\$ 200,541,116	\$ 229,664,709	\$ 231,619,780
10,540,762	9,083,731	10,725,847	12,563,153
6,684,598	24,355,131	4,331,523	11,499,795
40,144,330	51,891,132	58,711,936	49,439,973
<u>\$ 270,516,688</u>	<u>\$ 285,871,110</u>	<u>\$ 303,434,015</u>	<u>\$ 305,122,701</u>

**CITY OF KILLEEN, TEXAS  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS**

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 5,909,419	\$ 5,842,809	\$ 10,682,868	\$ 8,999,154
Police	12,417,928	13,089,343	13,832,604	16,409,733
Fire	8,088,627	8,486,901	8,821,118	10,237,310
Public works	4,163,846	4,243,173	8,196,856	7,981,922
Library	1,035,455	1,114,788	1,191,165	1,251,417
Parks and recreation	2,304,288	2,260,543	2,275,674	2,343,001
Golf	883,249	938,219	-	-
Permits and inspections	774,467	809,547	660,593	831,036
Community services	2,456,795	2,313,403	1,978,699	1,249,783
Code enforcement	-	-	-	-
Miscellaneous	4,333,295	5,595,140	4,237,878	3,613,371
Interest in long-term debt	1,975,274	2,114,399	2,544,857	3,294,913
Total governmental activities expenses	<u>\$ 44,342,643</u>	<u>\$ 46,808,265</u>	<u>\$ 54,422,312</u>	<u>\$ 56,211,640</u>
Business-type activities				
Airport operations	\$ 1,788,231	\$ 2,411,035	\$ 4,882,236	\$ 5,433,754
Golf	-	-	1,217,555	1,300,493
Solid waste	6,833,500	7,273,485	7,485,257	9,235,406
Water and sewer	14,083,204	14,492,967	17,984,565	20,050,177
Drainage utility	332,238	286,990	430,436	526,775
Total business-type activities expenses	<u>23,037,173</u>	<u>24,464,477</u>	<u>32,000,049</u>	<u>36,546,605</u>
Total primary government expenses	<u>\$ 67,379,816</u>	<u>\$ 71,272,742</u>	<u>\$ 86,422,361</u>	<u>\$ 92,758,245</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,002,461	\$ 915,400	\$ 1,074,124	\$ 1,449,310
Police	784,946	783,196	608,374	615,623
Fire	1,591,157	1,421,718	1,702,125	1,703,377
Library	34,344	34,160	53,122	51,355
Parks and recreation	126,616	117,064	101,373	130,891
Golf course	930,207	609,103	-	-
Permits and inspections	911,366	1,041,730	1,226,994	1,673,018
Community services	781,583	605,946	523,335	541,789
Code enforcement	-	-	-	-
Miscellaneous	214,465	285,150	384,367	596,207
Operating grants and contributions	1,128,958	1,517,458	2,433,893	1,743,344
Capital grants and contributions	21,138	201,616	154,573	5,230,912
Total governmental activities program revenues	<u>\$ 7,527,241</u>	<u>\$ 7,532,541</u>	<u>\$ 8,262,280</u>	<u>\$ 13,735,826</u>

TABLE II

2007		2008		2009	
\$	13,059,352	\$	14,662,853	\$	13,873,564
	18,035,487		20,397,809		21,808,286
	11,732,401		14,337,399		16,272,177
	8,835,018		8,982,754		10,655,648
	1,324,670		1,454,180		1,683,583
	2,602,046		3,016,481		3,472,513
	1,470,975		1,671,261		1,879,877
	1,402,169		1,116,316		-
	4,201,866		4,499,962		5,625,155
	-		566,497		-
	-		-		-
	3,526,706		5,229,662		5,092,447
\$	66,190,690	\$	75,935,174	\$	80,363,250
\$	6,032,956	\$	6,945,205	\$	6,788,224
	-		-		-
	9,923,685		11,119,731		11,811,015
	21,805,817		23,228,947		24,610,252
	1,354,988		1,792,628		2,405,678
	39,117,446		43,086,511		45,615,169
\$	105,308,136	\$	119,021,685	\$	125,978,419
\$	1,845,447	\$	2,262,954	\$	4,501,278
	240,764		466,590		1,442,079
	2,371,608		2,548,848		2,674,030
	41,944		48,501		39,973
	233,265		244,901		756,496
	1,084,479		1,267,776		1,294,705
	1,414,929		1,450,396		-
	-		33,029		272,237
	-		67,685		-
	-		-		-
	5,088,196		3,402,527		3,079,605
	4,293,671		6,400,992		2,348,835
\$	16,614,303	\$	18,194,199	\$	16,409,238

**CITY OF KILLEEN, TEXAS**  
**CHANGES IN NET ASSETS (CONTINUED)**  
**LAST SEVEN FISCAL YEARS**

	Fiscal Year			
	2003	2004	2005	2006
Business-type activities:				
Charges for services:				
Airport operations	\$ 1,496,325	\$ 1,478,571	\$ 3,150,301	\$ 3,621,665
Golf	-	-	906,249	981,774
Solid waste	8,524,107	9,694,642	10,344,840	11,076,247
Water and sewer	21,960,301	20,742,089	31,422,147	27,036,300
Drainage utility	-	773,918	826,226	1,608,920
Operating grants and contributions	750,819	-	-	11,857
Capital grants and contributions	13,298,763	20,020,057	7,364,203	19,447,587
Total business-type activities				
program revenues	46,030,315	52,709,277	54,013,966	63,784,350
Total primary government				
program revenues	53,557,556	60,241,818	62,276,246	77,520,176
Net (expense)/revenue:				
Governmental activities	(36,815,402)	(39,275,724)	(46,160,032)	(42,475,814)
Business-type activities	22,993,142	28,244,800	22,013,917	27,237,745
Total primary government net expense	\$ (13,822,260)	\$ (11,030,924)	\$ (24,146,115)	\$ (15,238,069)
General revenues and other changes in net assets				
Governmental activities:				
Ad valorem taxes	\$ 15,389,541	\$ 17,195,320	\$ 18,238,325	\$ 20,427,442
Penalties and interest	150,039	150,943	173,518	172,446
Beverage taxes	144,208	163,675	183,734	188,977
Franchise taxes	4,114,950	3,933,838	4,231,604	4,739,736
City sales taxes	14,113,096	15,634,498	17,395,394	18,452,935
Bingo taxes	105,745	129,452	159,131	199,000
Unrestricted investment earnings	528,202	450,595	1,482,665	3,354,917
Gain on sale of capital assets	-	-	-	18,668
Transfers	2,869,788	(56,113)	1,293,046	2,541,985
Total governmental activities	37,415,569	37,602,208	43,157,417	50,096,106
Business-type activities:				
Investment earnings	465,098	379,710	1,368,837	2,568,478
Gain on sale of capital assets	5,052	8,953	12,500	48,222
Transfers	(2,869,788)	56,113	(1,293,046)	(2,541,985)
Total business-type activities	(2,399,638)	444,776	88,291	74,715
Total primary government	35,015,931	38,046,984	43,245,708	50,170,821
Changes in net assets:				
Governmental activities	600,167	(1,673,516)	(3,002,615)	7,620,293
Business-type activities	20,593,504	28,689,576	22,102,208	27,312,460
Total primary government	\$ 21,193,671	\$ 27,016,060	\$ 19,099,593	\$ 34,932,753

TABLE II (CONT'D)

2007	2008	2009
\$ 4,182,662	\$ 4,349,157	\$ 4,165,638
-	-	-
11,541,857	11,669,439	11,688,896
26,898,319	30,195,389	30,603,258
2,124,081	2,807,992	2,909,004
25,304	49,885	-
8,981,423	6,263,495	4,590,343
53,753,646	55,335,357	53,957,139
70,367,949	73,529,556	70,366,377
(49,576,387)	(57,740,975)	(63,954,012)
14,636,200	12,248,846	8,341,970
\$ (34,940,187)	\$ (45,492,129)	\$ (55,612,042)
\$ 23,692,133	\$ 26,916,750	\$ 29,735,458
205,665	222,122	238,617
240,268	310,536	268,902
4,960,867	5,078,001	5,203,332
20,009,130	21,220,074	19,850,152
199,589	222,237	221,231
3,722,650	3,380,735	1,013,032
-	-	-
4,013,454	5,877,838	7,697,188
57,043,756	63,228,293	64,227,912
2,920,129	2,500,202	747,651
-	31,794	22,353
(4,013,454)	(5,877,838)	(7,697,188)
(1,093,325)	(3,345,842)	(6,927,184)
55,950,431	59,882,451	57,300,728
7,467,369	5,487,318	273,900
13,542,875	8,903,004	1,414,786
\$ 21,010,244	\$ 14,390,322	\$ 1,688,686



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**TABLE III**

**CITY OF KILLEEN, TEXAS  
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Ad Valorem Taxes*</u>	<u>Penalty and Interest</u>	<u>City Sales Tax</u>	<u>Beverage Tax</u>	<u>Franchise Tax</u>	<u>Bingo</u>	<u>Total</u>
2000	\$ 8,656,577	\$ 64,070	\$ 11,193,279	\$ 95,020	\$ 3,039,493	\$ 96,409	\$ 23,144,848
2001	10,930,055	98,057	12,042,130	122,288	3,761,451	96,891	27,050,872
2002	10,912,106	85,576	12,800,703	135,846	4,007,147	98,180	28,039,558
2003	11,643,486	150,039	13,321,622	144,208	4,114,949	105,742	29,480,046
2004	12,846,085	150,943	14,659,223	163,675	3,933,838	129,452	31,883,216
2005	13,702,865	173,518	16,240,984	183,734	4,231,603	159,132	34,691,836
2006	14,750,670	172,446	18,452,935	188,977	4,739,736	199,000	38,503,764
2007	23,692,133	205,665	20,009,130	240,268	4,960,867	199,589	49,307,652
2008	26,916,750	222,122	21,220,074	310,536	5,078,001	222,237	53,969,720
2009	29,735,458	238,617	19,850,152	268,902	5,203,332	221,231	55,517,692

\*Includes General Fund tax revenues only for 1999-2006.

**CITY OF KILLEEN, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST SEVEN FISCAL YEARS**

	Fiscal Year			
	2003	2004	2005	2006
General fund				
Reserved				
Encumbrances	\$ 306,008	\$ 528,803	\$ 1,194,710	\$ 930,956
Non-current portion of notes receivable	15,858	15,858	-	-
Inventories	433,794	485,253	291,166	282,285
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated	1,525,000	1,525,000	1,525,000	1,525,000
Undesignated	13,240,969	12,954,178	14,880,099	17,896,691
Total general fund	<u>\$ 15,521,629</u>	<u>\$ 15,509,092</u>	<u>\$ 17,890,975</u>	<u>\$ 20,634,932</u>
All other governmental funds:				
Reserved for:				
Encumbrances	\$ 164,417	\$ 337,535	\$ 465,248	\$ 133,860
Inventories	-	-	-	-
Debt service	966,333	1,770,519	2,157,576	2,294,404
Capital projects	13,744,301	5,261,012	24,509,045	39,978,725
Unreserved:				
Designated	-	-	-	-
Other governmental funds	-	-	1,045,638	1,753,412
Undesignated - special revenue	809,805	757,107	-	-
Total all other governmental funds	<u>\$ 15,684,856</u>	<u>\$ 8,126,173</u>	<u>\$ 28,177,507</u>	<u>\$ 44,160,401</u>

**TABLE IV**

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,716,100	\$ 754,278	\$ 692,172
-	-	-
361,620	414,624	368,180
-	240,170	240,170
-	-	-
1,525,000	1,525,000	1,837,688
<u>18,186,697</u>	<u>21,177,858</u>	<u>19,825,761</u>
<u><u>\$ 21,789,417</u></u>	<u><u>\$ 24,111,930</u></u>	<u><u>\$ 22,963,971</u></u>
\$ 328,900	\$ 101,922	\$ 116,078
-	-	4,861
2,806,680	4,019,172	4,042,477
24,355,131	45,197,523	34,946,977
-	-	1,972
-	-	-
<u>1,976,662</u>	<u>2,976,016</u>	<u>3,944,130</u>
<u><u>\$ 29,467,373</u></u>	<u><u>\$ 52,294,633</u></u>	<u><u>\$ 43,056,495</u></u>

**CITY OF KILLEEN, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST SEVEN FISCAL YEARS**

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Taxes	\$ 33,942,040	\$ 37,236,747	\$ 40,374,681	\$ 44,209,826
Licenses and permits	911,366	1,041,730	1,226,994	1,673,018
Intergovernmental	1,150,096	1,719,074	2,544,806	1,808,426
Charges for services	3,296,013	2,787,143	2,478,713	2,896,794
Fines	723,143	894,038	1,036,688	1,346,557
Miscellaneous	1,725,039	1,347,704	2,542,252	4,573,737
Developer contributions	-	-	-	-
Total revenues	<u>41,747,697</u>	<u>45,026,436</u>	<u>50,204,134</u>	<u>56,508,358</u>
Expenditures:				
General government	5,545,415	5,467,205	6,366,296	7,568,283
Public safety	19,310,906	20,389,613	21,486,251	25,346,243
Public works	3,966,588	4,042,427	4,517,392	4,303,518
Community services	6,507,274	6,469,184	5,196,402	4,704,721
Miscellaneous	4,210,902	4,706,548	5,690,519	4,851,202
Capital outlay	4,573,686	7,223,249	3,812,506	13,664,044
Debt service				
Bond issuance costs	90,533	-	120,732	-
Principal	2,453,488	2,842,567	2,907,350	3,066,407
Interest	1,835,077	2,154,860	2,531,840	3,167,191
Fiscal charges	16,515	18,559	18,677	19,089
Total expenditures	<u>48,510,384</u>	<u>53,314,212</u>	<u>52,647,965</u>	<u>66,690,698</u>
Deficiency of revenues under expenditures	(6,762,687)	(8,287,776)	(2,443,831)	(10,182,340)
Other financing sources (uses):				
Issuance of debt	11,000,000	772,669	18,969,760	21,623,647
Refunding bonds issued	-	-	-	-
Bond issuance costs/premiums/discounts	212,000	-	-	(427,862)
Proceeds from fixed asset dispositions	-	-	-	18,668
Contributions - other	-	-	-	-
Developer contributions	-	-	-	5,152,753
Refund to bond escrow agent	-	-	-	-
Transfers in	5,276,758	6,064,663	8,272,993	6,711,505
Transfers out	(2,406,970)	(6,120,776)	(2,940,146)	(4,169,520)
Total other financing sources	<u>14,081,788</u>	<u>716,556</u>	<u>24,302,607</u>	<u>28,909,191</u>
Net changes in fund balances	<u>\$ 7,319,101</u>	<u>\$ (7,571,220)</u>	<u>\$ 21,858,776</u>	<u>\$ 18,726,851</u>
Debt service as a percentage of noncapital expenditures	9.8%	10.5%	11.5%	12.1%

TABLE V

2007	2008	2009
\$ 49,259,941	\$ 53,937,806	\$ 55,435,770
1,292,332	1,438,989	1,100,819
5,088,196	3,023,159	2,416,723
4,034,110	4,857,966	5,474,140
1,845,447	2,644,196	3,993,509
4,711,079	3,755,908	2,021,935
3,305,484	5,888,521	-
69,536,589	75,546,545	70,442,896
6,656,910	7,096,970	8,709,995
28,487,534	33,188,694	35,666,780
4,881,644	5,100,406	4,672,140
9,822,757	10,566,828	10,863,401
4,652,358	5,468,436	4,247,495
19,518,661	30,278,105	37,746,644
-	-	-
4,528,400	5,120,434	5,005,274
3,507,615	4,795,150	4,938,132
6,227	259,376	18,924
82,062,106	101,874,399	111,868,785
(12,525,517)	(26,327,854)	(41,425,889)
-	42,868,775	19,675,000
-	-	744,600
-	(441,569)	(82,825)
-	-	-
-	-	465,885
-	-	1,984,083
-	-	(727,601)
6,056,081	7,294,703	13,392,203
(2,042,627)	(1,416,865)	(5,695,015)
4,013,454	48,305,044	29,756,330
\$ (8,512,063)	\$ 21,977,190	\$ (11,669,559)
13.1%	14.1%	13.3%

TABLE VI

**CITY OF KILLEEN, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended	Taxable Assessed Value		Less: Tax Exempt Property	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property					
2000	\$ 1,729,249,013	\$ 225,233,350	\$ 243,026,079	\$ 1,711,456,284	0.6000	\$ 2,150,290,929	0.7959
2001	1,807,057,844	265,860,903	245,112,171	1,827,806,576	0.6800	2,288,765,949	0.7986
2002	1,894,856,103	303,325,791	254,849,959	1,943,331,935	0.6800	2,458,816,286	0.7904
2003	2,014,916,592	315,247,673	286,553,517	2,043,610,748	0.6800	2,623,975,762	0.7788
2004	2,522,768,679	320,734,650	307,256,037	2,536,247,292	0.6990	2,854,692,140	0.8884
2005	2,660,558,752	350,370,677	320,635,274	2,690,294,155	0.6950	3,018,010,096	0.8914
2006	2,998,256,599	360,965,321	335,207,423	3,024,014,497	0.6950	3,395,819,417	0.8905
2007	3,492,613,445	362,828,152	350,942,363	3,504,499,234	0.6950	3,904,819,744	0.8975
2008	3,977,228,893	370,077,827	371,725,172	3,975,581,548	0.6950	4,375,136,071	0.9087
2009	4,399,405,101	388,992,264	390,286,994	4,398,110,371	0.6950	4,810,217,058	0.9143

**TABLE VII**

**CITY OF KILLEEN, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City of Killeen General Fund</u>	<u>City of Killeen Debt Service</u>	<u>Total City of Killeen</u>	<u>Bell County</u>	<u>Killeen ISD</u>	<u>Central Texas College</u>	<u>Total</u>
2000	1999	0.46120	0.13880	0.6000	0.3657	1.4280	0.1490	2.5427
2001	2000	0.54540	0.13460	0.6800	0.3651	1.4280	0.1485	2.6216
2002	2001	0.51620	0.16380	0.6800	0.3651	1.4280	0.1485	2.6216
2003	2002	0.52110	0.17790	0.6990	0.3651	1.5223	0.1475	2.7339
2004	2003	0.52183	0.17317	0.6950	0.3650	1.5633	0.1475	2.7708
2005	2004	0.52183	0.17317	0.6950	0.3610	1.5583	0.1470	2.7613
2006	2005	0.50020	0.19480	0.6950	0.3760	1.5583	0.1460	2.7753
2007	2006	0.47625	0.21875	0.6950	0.3815	1.4191	0.1420	2.6376
2008	2007	0.46256	0.23244	0.6950	0.3795	1.1412	0.1420	2.3577
2009	2008	0.49281	0.20219	0.6950	0.3779	1.1412	0.1410	2.3551

Note: Data presented is received from various government agencies.



TABLE VIII

**CITY OF KILLEEN, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Name of Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery Co. LLC	\$ 39,831,126	1	0.91%			
Central Telephone Co.	27,306,850	2	0.62%	\$ 30,246,168	1	1.55%
Wal-Mart Real Estate	18,629,411	3	0.42%	7,430,685	8	0.38%
Killeen Mall, LLC	16,974,485	4	0.39%			
Watercrest Place LP	13,486,306	5	0.31%			
Sallie Mae, Inc.	12,755,880	6	0.29%			
Secretary of Veterans Affairs	12,667,589	7	0.29%			
HEB Grocery Company, LP	12,074,184	8	0.27%			
TWE Advance / New House	11,939,090	9	0.27%			
Feiga/Sierra Creek LP	10,092,423	10	0.23%	8,232,966	6	0.42%
TXU Electric Company				28,880,069	2	1.48%
Student Loan Marketing Assoc.				19,564,706	3	1.00%
Southwest Shopping Center				12,370,898	4	0.63%
Oakwood Homes				8,298,943	5	0.42%
Wal-Mart Real Estate Business				7,682,160	7	0.39%
R.W. Associates				6,632,825	9	0.34%
Lowes				6,394,627	10	0.33%
Subtotal	175,757,344		4.00%	135,734,047		6.94%
All other taxpayers	4,222,353,027		96.00%	1,818,748,316		93.06%
	<u>\$ 4,398,110,371</u>		<u>100.00%</u>	<u>\$ 1,954,482,363</u>		<u>100.00%</u>

Source: Bell County Tax Appraisal District

TABLE IX

**CITY OF KILLEEN, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year September 30	Total Tax Levy for Fiscal Year	Tax Levy	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years (1)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2000	1999	\$ 11,506,682	\$ 11,221,484	97.52%	\$ 171,688	\$ 11,393,172	99.01%
2001	2000	14,095,851	13,541,305	96.07%	195,560	13,736,865	97.45%
2002	2001	14,947,638	14,370,546	96.14%	345,835	14,716,381	98.45%
2003	2002	15,845,119	15,045,984	94.96%	418,055	15,464,039	97.59%
2004	2003	17,728,368	16,959,606	95.66%	415,950	17,375,556	98.01%
2005	2004	18,697,545	17,957,697	96.04%	441,789	18,399,486	98.41%
2006	2005	21,016,898	20,179,257	96.01%	461,613	20,640,870	98.21%
2007	2006	24,348,127	23,386,242	96.05%	490,899	23,877,141	98.07%
2008	2007	27,630,290	26,697,567	96.62%	339,246	27,036,813	97.85%
2009	2008	30,566,865	29,523,348	96.59%	354,100	29,877,448	97.74%

(1) Information required by GASB #44 differs from information reported. Collections in subsequent years represent total delinquent amounts received during the fiscal year, regardless of the fiscal year of the tax levy. Data for delinquent tax collections by levy year is not available from the Bell County Tax Assessor's office.

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**TABLE X**

**CITY OF KILLEEN, TEXAS  
ADOPTED TAX RATE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Assessed Valuation</u>	<u>Assessments Rate</u>	<u>Gross Tax Rate</u>
2000	1999	\$ 1,954,482,363	100%	0.6000
2001	2000	2,072,918,747	100%	0.6880
2002	2001	2,198,181,894	100%	0.6800
2003	2002	2,330,164,265	100%	0.6800
2004	2003	2,843,503,329	100%	0.6990
2005	2004	3,010,929,429	100%	0.6950
2006	2005	3,359,221,920	100%	0.6950
2007	2006	3,855,441,597	100%	0.6950
2008	2007	4,347,306,720	100%	0.6950
2009	2008	4,788,397,365	100%	0.6950

**CITY OF KILLEEN, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates of Obligation	Limited Tax Notes	Capital Lease Payable	Total Governmental Activities	General Obligation Bonds	Revenue Bonds
2000	\$ 15,001,870	\$ 4,792,000	\$ 230,000	\$ -	\$ 20,023,870	\$ 9,978,130	\$ 25,010,000
2001	13,561,316	20,715,000	3,030,000	-	37,306,316	9,918,685	32,490,000
2002	12,164,156	20,322,000	2,485,000	-	34,971,156	9,750,844	31,035,000
2003	10,676,668	30,806,000	2,035,000	-	43,517,668	9,408,332	29,490,000
2004	9,166,101	29,949,000	1,560,000	-	40,675,101	8,988,898	27,905,000
2005	25,784,251	29,718,500	1,065,000	-	56,567,751	7,905,749	46,665,000
2006	34,659,101	39,797,243	545,000	-	75,001,344	6,415,899	45,320,000
2007	31,963,701	41,421,743	-	-	73,385,444	5,486,299	43,670,000
2008	46,576,501	63,697,743	-	859,541	111,133,785	4,523,499	63,105,000
2009	56,829,600	68,331,973	-	658,937	125,820,510	3,635,400	60,390,000

**TABLE XI**

Certificates of Obligation	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Notes Payable	Limited Tax Notes	Total Business-Type Activities			
\$ 1,653,000	\$ 69,605	\$ 1,200,000	\$ 37,910,735	\$ 57,934,605	0.78%	\$ 666.60
298,000	12,502	200,000	42,919,187	80,225,503	1.03%	923.08
1,053,000	44,336	800,000	42,683,180	77,654,336	0.95%	769.04
829,000	30,900	600,000	40,358,232	83,875,900	0.96%	830.65
556,000	16,758	300,000	37,766,656	78,441,757	0.84%	760.02
3,406,500	-	-	57,977,249	114,545,000	1.13%	1,109.82
19,702,757	-	-	71,438,656	146,440,000	1.26%	1,418.85
16,203,257	-	-	65,359,556	138,745,000	1.08%	1,344.30
15,602,257	-	-	83,230,756	194,364,541	1.43%	1,728.70
17,073,027	-	-	81,098,427	206,918,937	*	1,769.54

\* Personal income information is unavailable

**TABLE XII**

**CITY OF KILLEEN, TEXAS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2000	\$ 24,980,000	\$ 2,692,560	\$ 22,287,440	1.04%	256
2001	23,480,001	2,681,170	20,798,831	0.91%	239
2002	21,915,000	2,871,930	19,043,070	0.77%	189
2003	20,085,000	1,929,999	18,155,001	0.69%	180
2004	18,154,999	2,405,000	15,749,999	0.55%	153
2005	33,690,000	2,575,000	31,115,000	1.03%	301
2006	41,075,000	3,625,000	37,450,000	1.10%	363
2007	37,450,000	3,775,000	33,675,000	0.86%	326
2008	51,100,000	3,910,000	47,190,000	1.08%	420
2009	60,465,000	3,100,000	57,365,000	1.19%	491

TABLE XIII

**CITY OF KILLEEN, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2009**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Bell County	\$ 126,620,000	28.24%	\$ 35,757,488
Killeen Independent School District	127,110,000	77.93%	<u>99,056,823</u>
Subtotal, overlapping debt			134,814,311
City of Killeen			<u>206,918,937</u>
Total direct and overlapping debt			<u><u>\$ 341,733,248</u></u>



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TABLE XIV

**CITY OF KILLEEN, TEXAS**  
**REVENUE BOND COVERAGE – WATER AND SEWER FUND**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Operating Expenses *	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 16,718,385	\$ 9,975,415	\$ 6,742,970	\$ 1,130,000	\$ 1,889,759	\$ 3,019,759	2.23
2001	17,914,851	11,338,927	6,575,924	1,220,000	1,461,947	2,681,947	2.45
2002	21,111,946	11,365,701	9,746,245	1,455,000	1,828,221	3,283,221	2.97
2003	21,960,302	11,135,352	10,824,950	1,545,000	1,669,701	3,214,701	3.37
2004	20,742,089	11,431,228	9,310,861	1,585,000	1,582,452	3,167,452	2.94
2005	24,775,090	14,616,805	10,158,285	1,440,000	1,492,576	2,932,576	3.46
2006	27,036,300	15,531,689	11,504,611	1,490,000	2,349,391	3,839,391	3.00
2007	26,898,319	16,935,527	9,962,792	1,730,000	2,035,991	3,765,991	2.65
2008	30,195,389	17,735,554	12,459,835	2,715,000	2,881,361	5,596,361	2.23
2009	30,603,258	19,476,310	11,126,948	3,870,000	2,776,886	6,646,886	1.67

Source: Finance Department, City of Killeen

\* Total operating expenses less depreciation

**CITY OF KILLEEN, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**LAST TEN FISCAL YEARS**

Fiscal Year	City of Killeen			Overlapping Bell County		
	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen
2000	\$ 19,266,145	100.00%	\$ 19,266,145	\$ 24,813,368	28.24%	\$ 7,007,295
2001	36,557,433	100.00%	36,557,433	31,540,000	28.24%	8,906,896
2002	77,610,000	100.00%	77,610,000	29,220,000	28.24%	8,251,728
2003	83,845,000	100.00%	83,845,000	27,805,000	28.24%	7,852,132
2004	78,424,999	100.00%	78,424,999	52,030,000	28.24%	14,693,272
2005	114,545,000	100.00%	114,545,000	53,735,000	28.24%	15,174,764
2006	146,440,000	100.00%	146,440,000	98,050,000	28.24%	27,689,320
2007	138,745,000	100.00%	138,745,000	99,855,000	28.24%	28,199,052
2008	194,364,541	100.00%	194,364,541	131,625,000	28.24%	37,170,900
2009	206,918,937	100.00%	206,918,937	126,620,000	28.24%	35,757,488

Source: Bell County Appraisal District and City of Killeen Finance Department

**TABLE XV**

Killeen Independent School District			Rates			
			Central Texas College			Total
Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	Amount Applicable to Killeen
\$ 94,356,468	77.93%	\$ 73,531,996	\$ 13,335,793	67.16%	\$ 8,956,319	\$ 108,761,754
89,325,258	77.93%	69,611,174	13,666,620	67.16%	9,178,502	124,254,005
84,219,990	77.93%	65,632,638	14,000,000	67.16%	9,402,400	160,896,766
179,795,938	77.93%	140,114,974	12,260,000	67.16%	8,233,816	240,045,922
172,941,739	77.93%	134,773,497	10,440,000	67.16%	7,011,504	234,903,272
167,140,974	77.93%	130,252,961	8,530,000	67.16%	5,728,748	265,701,473
158,793,665	77.93%	123,747,903	6,530,000	67.16%	4,385,548	302,262,771
144,650,000	77.93%	112,725,745	4,445,000	67.16%	2,388,210	282,058,007
135,050,000	77.93%	105,244,465	-	67.16%	-	336,779,906
127,110,000	77.93%	99,056,823	-	67.16%	-	341,733,248

**CITY OF KILLEEN, TEXAS  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed Value, Tax Roll	\$ 4,398,110,371	\$ 3,975,581,548	\$ 3,504,499,234	\$ 3,024,014,497
	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
Legal Debt Limit	<u>\$ 109,952,759</u>	<u>\$ 99,389,539</u>	<u>\$ 87,612,481</u>	<u>\$ 75,600,362</u>
Actual amount expended for general obligation debt service during the year	\$ 9,943,406	\$ 9,915,584	\$ 8,036,015	\$ 6,252,687

Source: Bell County Appraisal District and Finance Department, City of Killeen

**TABLE XVI**

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 2,536,247,292	\$ 2,330,164,265	\$ 2,198,181,894	\$ 2,072,918,747	\$ 1,954,482,363
<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
<u>\$ 63,406,182</u>	<u>\$ 58,254,107</u>	<u>\$ 54,954,547</u>	<u>\$ 51,822,969</u>	<u>\$ 48,862,059</u>
\$ 5,015,986	\$ 4,305,080	\$ 4,294,849	\$ 3,696,459	\$ 2,811,846

TABLE XVII

**CITY OF KILLEEN, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	City of Killeen Population (a)	Killeen-Temple Fort Hood Metropolitan Statistical Area Population (b)	Fort Hood Metropolitan Personal Income (amounts expressed in thousands) (b)	Killeen-Temple Fort Hood Metropolitan Per Capita Personal Income	Killeen-Temple Fort Hood Metropolitan Unemployment Rates (c)
2000	86,911	312,952	\$ 7,458,649	\$ 23,833	4.3
2001	86,911	315,281	7,782,476	24,684	5.3
2002	100,976	319,346	8,208,370	25,704	5.8
2003	100,976	324,649	8,739,875	26,921	6.4
2004	103,210	325,398	9,321,254	28,646	5.2
2005	103,210	341,797	10,162,000	29,731	5.2
2006	103,210	357,580	11,648,344	32,575	5.1
2007	103,210	370,755	12,845,443	34,717	4.8
2008	112,434	378,935	13,601,991	35,895	5.2
2009	116,934	*	*	*	7.3

Sources: (a) U. S. Census Bureau.

(b) U. S. Department of Commerce, Bureau of Economic Analysis.

(c) U. S. Department of Labor, Bureau of Labor Statistics.

\* Information is unavailable.

TABLE XVIII

**CITY OF KILLEEN, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Name of Employer	2009			2000		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Fort Hood (includes civilians and soldiers)	62,897	1	60.54%			0.00%
Killeen ISD	6,000	2	5.78%	4,296	1	29.01%
Central Texas College	1,500	3	1.44%	1,100	5	7.43%
Metroplex Hospital	1,200	4	1.16%	780	8	5.27%
City of Killeen	1,100	5	1.06%	695	9	4.69%
Westar Aerospace & Defense Group, Inc.	1,050	6	1.01%			
L-3 Communications	600	7	0.58%			
ESP, Inc.	510	8	0.49%			
Convergys Corporation	500	9	0.48%	1,400	3	9.45%
Sallie Mae	480	10	0.46%			
Civilian Personnel Office - Fort Hood				3,187	2	21.52%
Fort Hood Exchange				1,147	4	7.74%
DynCorp				805	6	5.44%
Killeen Mall				800	7	5.40%
Wal-Mart				600	10	4.05%
Subtotal	75,837		73.00%	14,810		100.00%
All other employers	28,053		27.00%	*		N/A
Total employment	103,890		100.00%	14,810		100.00%

Source: Greater Killeen Chamber of Commerce

\* Information not available



**CITY OF KILLEEN, TEXAS**  
**FULL TIME AND REGULAR PART-TIME EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>										
City Manager	3	3	3	3	3	3	3	4	4	4
Assistant City Manager	0	0	0	0	0	0	0	0	3	3
Internal Audit	0	0	0	0	0	0	0	1	1	1
Municipal Court	17	18	18	20	19	19	19	23	23	24
Public Information	1	1	1	1	1	1	2	1.5	1.5	2.5
Killeen Volunteer Services	3	3	3	3	3	3	3	3	3	3
City Attorney	5	6	6	6	6	7	7	7	7	7
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance	4	4	5	5	5	6	6	6	6	6
Accounting	6	6	6	7	7	7	7	7	7	7
Purchasing	5	3	3	4	4	4	5	5	4	4
Building Services	2	2	2	2	2	2	3	3	3	3.5
Custodial Services	6	8	8	8	8	8	8	9	10	10
Printing Services	0	2	2	2	2	2	2	2	2	2.5
EMS Billing & Collections	3	3	3	5	5	5	5	5	5	5
Human Resources	6	6	6	8	8	8	10	10	11	12
Information Technology	9	10	10	10	10	10	12	12	14	15
Library Services	18	21	21	31	30	30	30	31	32	32
Golf Course	11	12	12	12	12	13	17	17	18	18
Golf Course Food & Beverage	0	0	0	0	0	0	0	5	5	5
Community Center Operations	0	0	0	0	0	0	0	0	6	6
Parks	25	29	31	31	31	31	31	37	33	33
Lions Club Park	0	0	0	0	0	0	0	0	14	14
Family Aquatics Center	0	0	0	0	0	0	0	0	0	2
Recreation	3	3	3	3	3	3	3	3	6	6
Athletics	3	3	3	3	3	3	3	3	3	3
Cemetery	6	6	6	6	6	6	6	6	6	6
Senior Citizens	2	2	2	3	3	3	3	5	6	6
Public Works	2	2	2	2	2	2	2	2	2	2
Engineering	2	2	4	4	2	2	2	2	2	2
Traffic	8	8	10	10	10	10	10	9	10	10
Street	31	31	35	35	35	35	39	39	43	47
Planning & Development	5	6	6	6	6	7	8	9	9	9
Building Inspections	14	14	13	11	11	12	14	16	14	14
Code Enforcement	0	0	0	4	7	7	8	8	8	9
Community Development	6	6	5	4	4	4	4	3	3	3
Downtown Revitalization	0	0	0	0	0	0	0	1	1	0
Home Program	2	2	2	2	2	2	2	1	1	1
Police	198	198	204	211	214	230	249	267	287	305
Animal Control	8	8	8	8	8	8	8	8	11	11
Fire	123	121	124	128	128	137	143	194	194	201
Emergency Management & Homeland Security	0	0	0	0	0	0	0	1	1	1
<b>Total General Fund</b>	<b>538</b>	<b>550</b>	<b>568</b>	<b>599</b>	<b>601</b>	<b>631</b>	<b>675</b>	<b>765.5</b>	<b>820.5</b>	<b>856.5</b>
<b>Killeen-Fort Hood Regional Airport</b>										
Killeen-Fort Hood Regional Airport	1	2	3	4	14	37.5	37.5	40	41	41
<b>Total Killeen-Fort Hood Regional Airport Fund</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>14</b>	<b>37.5</b>	<b>37.5</b>	<b>40</b>	<b>41</b>	<b>41</b>
<b>Skylark Field</b>										
Skylark Field	11	11	17	20	20	5.5	5.5	4	4	4
<b>Total Skylark Field Fund</b>	<b>11</b>	<b>11</b>	<b>17</b>	<b>20</b>	<b>20</b>	<b>5.5</b>	<b>5.5</b>	<b>4</b>	<b>4</b>	<b>4</b>

TABLE XIX

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Solid Waste</b>										
Custodial	0	0	0	0	0	0	0	1	1	1
Accounting	0	0	0	0	0	0	0	0	0	4
Residential Services	23	22	26	32	35	35	38	38	40	41.2
Commercial Services	16	16	17	18	19	19	19	20	21	20
Recycle Center	2	3	3	4	7	7	7	7	7	7
Transfer Station	9	10	10	10	11	11	11	13	13	15
Mowing	0	0	0	0	0	0	11	11	19	22
Total Solid Waste Fund	50	51	56	64	72	72	86	90	101	110.2
<b>Water and Sewer</b>										
Fleet Services	20	20	19	19	19	19	19	22	23	23
Utility Collections	26	27	28	29	30	30	32	34	35	38
GIS	0	0	0	2	2	2	3	3	4	5
Water Distribution	12	12	12	15	15	15	15	15	19	19
Sanitary Sewer	11	11	11	11	11	11	13	13	13	15
Water and Sewer Operations	18	19	17	18	20	20	24	20	24	24
Engineering	0	0	0	0	0	0	0	8	9	9.6
Total Water and Sewer Fund	87	89	87	94	97	97	106	115	127	133.6
<b>Drainage Utility Fund</b>										
Engineering	0	0	1	3	3	3	9	3	3	3.2
Maintenance	0	0	0	0	0	0	0	12	21	30
Total Drainage Utility Fund	0	0	1	3	3	3	9	15	24	33.2
<b>Special Revenue Fund</b>										
Cablesystem PEG	0	0	0	1	1	1	0	1.5	1.5	1.5
Civic and Conference Center	0	0	6	17	15	16	15	14	14	14
Community Development										
Block Grant	0	0	0	6	4	4	4	4	4	5
Home Program	0	0	0	1	1	1	1	1	1	1
Total Special Revenue Fund	0	0	6	25	21	22	20	20.5	20.5	21.5
<b>Capital Improvement</b>										
Bond Construction	8	6	5	5	5	5	0	0	0	1
Total Capital Improvement Fund	8	6	5	5	5	5	0	0	0	1
Total all funds	695	709	743	814	833	873	939	1050	1138	1201

**CITY OF KILLEEN, TEXAS  
WATERWORKS SYSTEM  
SEPTEMBER 30, 2009**

**WATER USAGE OF THE LAST TEN YEARS (IN MILLIONS OF GALLONS)**

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage
2000	18.26	10.59	3882
2001	18.38	11.05	4040
2002	19.26	12.06	4405
2003	21.12	12.30	4495
2004	16.75	11.07	4069
2005	21.17	11.48	4194
2006	22.31	12.99	4747
2007	18.72	11.99	4378
2008	23.37	14.47	5299
2009	26.28	14.93	2460

**TEN LARGEST WATERS CUSTOMERS (IN THOUSANDS OF GALLONS)**

Cusomter	Annual Water Usage	Annual Amount Billed	% of Total Water Usage
City of Killeen - Golf	37,267,600	\$ 108,582	0.84365%
TGFT Enterprises, Inc.	19,570,000	57,262	0.44302%
Mextroplex Hospital	18,818,500	55,562	0.42600%
KISD - Ellison High School	18,537,800	54,745	0.41965%
Premier Cemetery Service, Inc.	16,965,000	49,368	0.38405%
KISD - Shoemaker High School	14,437,900	46,336	0.32684%
Stone Hill Apartments	13,251,600	37,255	0.29998%
Independence Place at Ft. Hood	11,348,800	34,286	0.25691%
City of Killeen	10,155,800	29,932	0.22990%
KISD - Liberty Hill	8,836,200	25,870	0.20003%

Note: Percent of total consumption based on 4,417,437,500 gallons annual consumption.

**TABLE XX****MONTHLY WATER RATES (EFFECTIVE 10/1/06)**

The following rates apply to all classes of users inside the city limits.

0 to 2,000 gallons based on meter size:

	Residential and Multi-Family	Commercial
5/8" and 3/4"	10.30	10.71
1"	11.51	11.98
1-1/2"	14.52	15.10
2"	18.13	18.86
3"	26.58	27.64
4"	38.65	40.20
6"	69.69	72.48
8"	104.95	109.26
10"	147.17	153.06
<b>Residential</b>		<b>Commercial</b>
2,001 -25,000 gals	2.80/1,000	All over 2,000 gal 2.91/1,000
Over 25,000 gals	3.34/1,000	All over 2,000 gal 2.80/1,000 Multi-Family & MHP

Water rates for outside the city limites are double the water rates for users inside the city limits.

**TEN LARGEST WASTEWATER CUSTOMERS (MGD)**

Customer	Annual Water Usage	Annual Amount Billed
Central Texas College	46,941,210	\$ 151,458
Stone Hill Apartments	22,300,740	38,842
Metroplex Hospital	20,398,530	66,370
Independence Place at Ft. Hood	10,478,190	34,129
Summerfield Community	9,391,600	41,458
Southern Hills MHP	8,581,600	36,542
Blessing Stonegate MHP	8,331,200	36,039
Elm Grove Mobile Home	8,011,000	38,517
Goode & Goodnight	7,583,040	24,714
Shilo Inns, Killeen, Inc.	7,112,250	23,184

TABLE XXI

**CITY OF KILLEEN, TEXAS  
MISCELLANEOUS STATISTICS  
SEPTEMBER 30, 2009**

Date of Incorporation	1882	<b>Public Works</b>			
Date of Charter	1949	Paved Streets	511.92 miles		
Legal Form of Government Home		Unpaved Streets	1 mile		
Rule Municipal Corp.		Arterial Streets (State)	34.16 miles		
Management Form of Government:		Storm Water Piping	150,000 linear ft		
Council-Manager		Inlets and Outfalls	3,000 structures		
Area in Square Miles	54.72	Curb and Gutter	866 miles		
		Open Channels	131 miles		
<b>Airport</b>		Drainage Easements	266 acres		
Number of Airports	2	Signalized Intersections	87		
Number of Acres	289	Street lights	3,976		
Number of Airlines	3				
Passengers Enplaning	198,827	<b>Wastewater Systems</b>			
Passengers Deplaning	198,487	Sanitary Sewer Mains	521.86 miles		
		Sewer Connections	39,321		
<b>Fire Protection</b>		Number of Manholes	6,247		
Number of Fire Stations	8	Sewer Treatment Plant is Activated Sludge			
Fire Apparatus	27		Plant 1	Plant 2	Plant 3
Number of Fire Hydrants	3,530	Max Capacity	15 MGI	6 MGD	6 MGD
Number of Firemen	194				
Number of Fire Runs	4,624	<b>Water System</b>			
Number of Paramedic Runs	8,546	Average Daily Consumption	14,936,009 gpd		
EMS Units	11	Rated Daily Capacity	29,500,000 gpd		
<b>Libraries</b>		Water Mains	685.06 miles		
Number of Libraries	2	Water Connections	41,281		
Number of Visitors	269,360	Max System Daily Capacity (Killeen)	29,500,000 gal		
Number of Volumes	108,188		80,000,000 WCID		
Circulation of Volumes	308,210	Max Daily Use to Date (Killeen)	26,278,000 gal		
Library Cards in Force	27,030	Pressure on Mains	-100 PSI Killeen		
Story Time Attendance	5,298		45-175 PSI WCID		
Public Computer Sessions	61,559	Storage Capacity	,250,000 Killeen		
			30,000,000 WCID		
<b>Parks and Recreation</b>		Size of Mains	6" - 30" Killeen		
Number of Parks	21		18" - 54" WCID		
Playgrounds	22	Facilities not included in the Reporting Entity:			
Municipal Golf Courses	1				
Swimming Pools	2	<b>Education*</b>			
Tennis Courts	9	Number of Elementary Schools	31		
Recreation Centers	1	Number of Middle Schools	12		
Baseball/Softball Fields	15	Number of High Schools	4		
Soccer Fields	6				
Jogging/Walking Trails	6	Number of Community Colleges	1		
Senior Center	2	Number of Universities	1		
Aquatics Center	1				
<b>Police Protection</b>		* Schools include all campuses in the Killeen Independent School District.			
Number of Facilities	4				
Number of Commissioned					
Police Officers	225				
Number of Employees-Other	72				



